

Company Registration No. 04525217 (England and Wales)

ZIPCAR (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



ZIPCAR (UK) LIMITED.

COMPANY INFORMATION

Directors	P L Ford N Bell M Kightley	(Appointed 12 June 2017) (Appointed 12 June 2017)
Secretary	T Mannion	
Company number	04525217	
Registered office	Avis Budget House Park Road Bracknell RG12 2EW United Kingdom	
Auditor	Deloitte LLP Reading United Kingdom	

ZIPCAR (UK) LIMITED

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ZIPCAR (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their Strategic Report for the Company for the year ended 31 December 2017.

Principal Activity

The Company's principal activity during the year was the short-term renting of motor vehicles.

Strategic Review and Future Developments

Strategic review

The Company is the UK Zipcar car club operation of the Avis Budget Group, Inc. group of companies, a global car rental services company.

During the year to 31 December 2017 the Company performed in line with market conditions, and has seen an decrease in revenue to £26.83 million (2016: £28.27 million).

The Company made a loss after taxation for the year of £3.01 million (2016: loss of £6.17 million). Net liabilities of the Company are £26.67 million (2016: £23.65 million) due to the cumulative reserves and the total comprehensive loss for the year.

Future developments

The Directors expect the Company to continue to transact business as a car rental company in the coming year and forecast a competitive market with plans to continue a program of tight cost control.

Following the Balance Sheet date of 31 December 2017, the Directors have not identified any events that would have a material impact on the financial statements.

Principal Risks and Uncertainties

Risk mitigation is a key part of the management of the Company and we have a consistent process to identify, manage and help mitigate exposure to issues that may have a negative impact on the business. The relative importance of identified risks is reviewed regularly and in respect of all such risks we continue to monitor and respond to the changing environment. Summarised below are some of the key risks that may affect the Company's business.

Demand

The impact of economic conditions on our ability to generate revenue and recruit new members as well as increasing competition from both direct car sharing competitors and alternative mobility options. The Company has detailed management reporting systems that help to monitor member acquisition and member attrition as well as daily rental performance and price relative to alternative mobility solutions.

Parking

The Company is dependent on the continuing agreements with London Boroughs and other parking providers to supply parking for the fleet in close proximity to our membership base. The Company maintains strong relationships with all relevant providers and has a strong record of renewing such contracts.

ZIPCAR (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

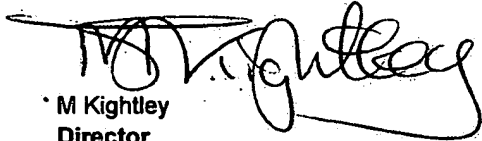
FOR THE YEAR ENDED 31 DECEMBER 2017

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 within the Avis Budget EMEA Limited group. As such the Directors have not implemented a policy for the Company. Instead, the Company's financial risk management objectives and policies are aligned to those of the Avis Budget EMEA group of companies.

The Company faces risks related to the withdrawal of the United Kingdom from the European Union. This could lead to volatility in the global financial markets and exposure to potential changes to import laws, trade treaties or tariffs when purchasing vehicles as well as disrupting travel demand.

On behalf of the Board



M Kightley
Director

16 January 2019

ZIPCAR (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 December 2017.

Directors

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

P L Ford	
N Bell	(Appointed 12 June 2017)
M Kightley	(Appointed 12 June 2017)
N C Cole	(Resigned 12 June 2017)

Results and dividends

The Company made a loss after taxation for the year of £3,013 million (2016: loss of £6,171 million). The performance was in line with expectations in the annual plan. The Directors do not recommend the payment of a dividend (2016: *Nil*).

Future developments

Details of future developments can be found in the Strategic Report on page 1.

Financial risk management objectives and policies

Financial risk management objectives and policies are included in the Strategic Report on page 2.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. After making enquiries, the Directors have received a letter of support from the ultimate parent company, Avis Budget Group, Inc., confirming that they are willing to provide the necessary financial support and that they have the necessary funds available to pay the Company's debts as they fall due.

The Directors recognise that in 2017 the Company remains in a net liability position, but due to the aforementioned support from the Group, they are satisfied that preparing the Financial Statements using the going concern basis is appropriate.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employment policies and practices

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

ZIPCAR (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

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

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

Disclosure of information to auditors

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

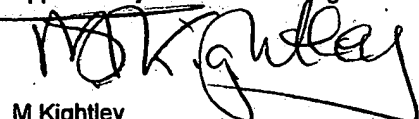
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as Director in order to make themselves aware of any relevant audit information and to establish that the Company's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

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

Auditors

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

Approved by the board and signed on its behalf



M Kightley
Director

16 January 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZIPCAR (UK) LIMITED

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of Zipcar (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of changes in Equity;
- the related Notes on pages 11 to 22

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZIPCAR (UK) LIMITED

Respective responsibilities of directors and auditor

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZIPCAR (UK) LIMITED

Report on other legal and regulatory requirements

Opinion 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

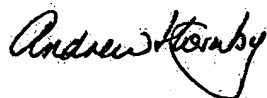
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



Andrew Hornby, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Reading
United Kingdom
16 January 2019

ZIPCAR (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Revenue	5	26,833	28,273
Cost of sales		(15,450)	(16,678)
Gross profit		11,383	11,595
Administrative expenses		(13,764)	(17,162)
Operating loss	7	(2,381)	(5,567)
Finance costs	6	(632)	(600)
Loss before taxation		(3,013)	(6,167)
Taxation	10	-	-
Loss for the financial year		(3,013)	(6,167)

The income statement has been prepared on the basis that all operations are continuing operations.

The accompanying Notes on pages 11 to 22 form an integral part of these Financial Statements.

ZIPCAR (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £000	£000	2016 £000	£000
Fixed assets					
Intangible assets	11		156		124
Tangible assets	12		833		1,104
Investments	13		-		-
			<u>989</u>		<u>1,228</u>
Current assets					
Trade and other receivables	14	4,939		2,455	
Cash at bank and in hand		699		290	
		<u>5,638</u>		<u>2,745</u>	
Current liabilities					
Trade and other payables	15	(29,005)		(21,666)	
Short term provisions	16	(1,321)		(1,252)	
		<u>(30,326)</u>		<u>(22,918)</u>	
Net current liabilities			<u>(24,688)</u>		<u>(20,173)</u>
Long term provisions	16		<u>(2,966)</u>		<u>(4,707)</u>
Net liabilities			<u>(26,665)</u>		<u>(23,652)</u>
Equity					
Called up share capital	19		62		62
Share premium account	20		3,703		3,703
Retained earnings	20		(30,430)		(27,417)
Total equity			<u>(26,665)</u>		<u>(23,652)</u>

The financial statements were approved by the board of directors and authorised for issue on 16 January 2019 and are signed on its behalf by:


M Kightley
Director

Company Registration No. 04525217

ZIPCAR (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium account	Retained earnings	Total
Notes	£000	£000	£000	£000
Balance at 1 January 2016	62	3,703	(21,250)	(17,485)
Year ended 31 December 2016:				
Loss and total comprehensive income for the year	-	-	(6,167)	(6,167)
Balance at 31 December 2016	62	3,703	(27,417)	(23,652)
Year ended 31 December 2017:				
Loss and total comprehensive income for the year	-	-	(3,013)	(3,013)
Balance at 31 December 2017	62	3,703	(30,430)	(26,665)

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 General Information

Zipcar UK is part of the Avis Budget Group, Inc. group of companies, a global car rental services company. The Company is a private company limited by shares and is incorporated in England and Wales. The address of the registered office is Avis Budget House, Park Road, Bracknell, RG12 2EW.

2 Statement of compliance

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

3 Accounting policies

A summary of the principle accounting policies, all of which have been applied consistently throughout the year, and preceding year, is set out below.

3.1 Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

3.2 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. After making enquiries, the Directors have received a letter of support from the ultimate parent company, Avis Budget Group, Inc., confirming that they are willing to provide the necessary financial support and that they have the necessary funds available to pay the Company's debts as they fall due. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the Financial Statements.

3.3 Cash flow statement

The Company has taken exemption available in FRS 102 and has not prepared a cash flow statement as it is a subsidiary, the voting rights of which are 100% controlled within the group, and the group financial statements are publically available.

3.4 Revenue

Revenue is shown net of value added tax, and includes the following elements:

- Car rental income - Recognised based on usage by members. Where usage is included in an arrangement including other elements, such as joining fees, turnover is based upon the fair value of usage in proportion to the overall fair value of the entire arrangement.
- Membership fees - Recognised rateably over the life of the contractual membership period. Where membership fees are included in an arrangement including other elements, such as free usage, the fair value of the other element is recognised separately and the remaining value of the transaction is recognised as membership fees.
- Damage waiver fees - Recognised over the period of cover.
- Local authority subsidies - Recognised upon completion of the contract milestone.

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of creditors due within one year.

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Accounting policies (Continued)

3.5 Cost of sales

Cost of sales includes the following items: fuel costs, parking expenses, insurance, vehicle damage and maintenance costs, fines, congestion charging, vehicle registration and tax costs, depreciation and hire purchase interest costs.

3.6 Administrative expenses

Administrative expenses are recognised as an expense in the period in which they are incurred and include staff costs, non-vehicle related rental charges and other overheads.

3.7 Exceptional items

Exceptional items are material non-recurring items that derive from events or transactions that fall within the ordinary activities of the Company, and which individually or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

3.8 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

3.9 Intangible fixed assets

Research expenditure is written off as incurred. Development expenditure is also written off, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure, specifically software, is deferred and amortised over the period during which the Company is expected to benefit. This period is between three and five years. Provision is made for any impairment.

3.10 Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets as follows:

Office and computer equipment	33% per annum straight line
Motor vehicles	15% to 33%
Vehicle modifications	25% to 50% per annum straight line

3.11 Investments

Investments are stated at cost unless, in the opinion of the Directors, there has been an impairment in the value of an investment, when an appropriate provision is made. All of the investments are direct investments.

3.12 Leases

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term.

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Accounting policies

(Continued)

3.13 Dividends

Final dividends to the Company's shareholders are recognised as a liability in the Financial Statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

3.14 Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the taxable profits and the results as stated in the Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is measured on a non-discounted basis.

3.15 Foreign currency

The Company's functional and presentation currency in Pounds Sterling. Foreign currency assets and liabilities are translated at the rates of exchange ruling at the year end. Transactions during the year are recorded at rates of exchange in effect when the transaction occurs. Profits and losses on exchange are dealt within the statement of comprehensive income.

3.16 Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision is recognised. Provisions are measured at the value of the expenditures expected to be required to settle the obligation.

The Company limits its exposure to the cost of motor, employer and public liability claims through insurance policies issued by third parties, but self-insures subject to excess limits and annual aggregate stop losses for total claims. A provision is made for the estimated cost to the Company to settle claims for incidents occurring prior to the balance sheet date, together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but that have not yet been reported to the Company (subject to the overall stop losses) based on an assessment of the expected settlement on known claims, and after taking appropriate professional advice.

3.17 Financial instruments

Disclosure

The Company is a wholly owned subsidiary of Avis Budget Group, Inc. and is included in the consolidated financial statements of Avis Budget Group, Inc., which are publicly available. Consequently, the Company has elected to utilise the exemption provided in FRS 102 as detailed sensitivity, fair value and valuation disclosures are detailed in the consolidated financial statements of Avis Budget Group, Inc.

Financial assets

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

Inter-company loans

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

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Accounting policies

(Continued)

Trade and other receivables

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

Cash and short term deposits

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

Financial liabilities

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

Inter-company loans

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

Other payables

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

4 Critical accounting judgements and key sources of estimation uncertainty

The Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The Directors have not applied any critical accounting judgements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Insurance claims

Insurance and result claims are a material cost of the business. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

5 Revenue

The Company's turnover and loss before taxation was all earned in the primary business segment, namely short term vehicle rental, and in the United Kingdom.

The major revenue streams of the business arise from the rental of vehicles (usage), the sale of annual memberships and the sale of damage waiver reductions.

An analysis of the Group's turnover by class of business is set out below:

	2017	2016
	£000	£000
Turnover		
Rendering of services	26,833	28,273

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

6 Net finance costs

	2017 £000	2016 £000
Interest on loans due to group undertakings	675	502
Foreign exchange losses on loans due to group undertakings	(43)	98
	<u>632</u>	<u>600</u>

7 Operating loss

	2017 £000	2016 £000
Operating loss for the year is stated after charging/(crediting):		
Depreciation of assets held under hire purchase agreements	649	614
Depreciation of owned assets	16	103
Amortisation of intangible assets	91	72
Operating lease rentals - offices	292	316
Operating lease rentals - vehicles	4,790	5,163
(Profit)/loss on disposal of property, plant and equipment	(255)	221
	<u> </u>	<u> </u>

8 Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	29	31
	<u> </u>	<u> </u>

No non-audit fees were incurred in the year (2016: nil).

9 Directors and employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Executive Directors	-	1
Sales and advertising	45	56
Administration	98	150
	<u>143</u>	<u>207</u>

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

9 Directors and employees (Continued)

Their aggregate remuneration comprised:

	2017 £000	2016 £000
Wages and salaries	4,566	7,117
Tax, benefits & social security costs	688	1,202
	<u>5,254</u>	<u>8,319</u>

Directors' remuneration

	2017 £000	2016 £000
Remuneration for qualifying services	618	244
	<u>618</u>	<u>244</u>

The aggregate emoluments of the highest paid Director during the year were £618,000 (31 December 2016 - £244,000).

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Taxation on loss

i) Analysis of tax charge / (credit) in year

	2017 £000	2016 £000
UK Corporation tax	-	-
	<u>-</u>	<u>-</u>

ii) Factors affecting the current tax charge for the year

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £000	2016 £000
Loss before taxation	(3,013)	(6,167)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(580)	(1,234)
Fixed asset differences	3	-
Expenses not deductible for tax purposes	30	54
Income not taxable for tax purposes	(4)	-
Change in deferred tax rate	64	478
Deferred tax not recognised	487	702
	<u>-</u>	<u>-</u>
Taxation for the year	-	-

Finance (No. 2) Act 2016, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 17% effective from 1 April 2020, was enacted on 15 September 2016. As deferred tax assets and liabilities are measured at rates that are expected to apply in the periods of the reversal, deferred tax balances at the balance sheet date have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Intangible fixed assets

	Software purchased	Software developed Internally	Total
	£000	£000	£000
Cost			
At January 2016	59	180	239
Additions - internally developed	35	88	123
At 31 December 2017	94	268	362
Amortisation and impairment			
At 1 January 2017	22	93	115
Charge for the year	22	69	91
At 31 December 2017	44	162	206
Carrying amount			
At 31 December 2017	50	106	156
At 31 December 2016	37	87	124

12 Tangible assets

	Office and computer equipment	Motor vehicles	Vehicle modifications	Total
	£000	£000	£000	£000
Cost				
At 1 January 2017	1,243	96	2,373	3,712
Additions	95	-	382	477
Disposals	(380)	(32)	-	(412)
At 31 December 2017	958	64	2,755	3,777
Depreciation and impairment				
At 1 January 2017	991	78	1,539	2,608
Depreciation charged in the year	138	17	510	665
Disposals	(298)	(31)	-	(329)
At 31 December 2017	831	64	2,049	2,944
Carrying amount				
At 31 December 2017	127	-	706	833
At 31 December 2016	252	18	834	1,104

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Investments

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name	Address of the registered office	Activity	% of the ordinary share capital owned
Prolita Limited	Avis Budget House, Park Road, Bracknell, RG12 2EW	Dormant	100

The Company has a 100% interest in Prolita Limited, a company registered in England and Wales, with a registered address of Avis Budget House, Park Road, Bracknell, England, that was incorporated on 1 June 2007. This investment is of 1 ordinary share of £1. Prolita Limited does not trade.

The Company has taken advantage of the exemption in section 4012 of the Companies Act 2006 from the requirement to prepare consolidated Financial Statements.

14 Trade and other receivables

	2017 £000	2016 £000
Trade receivables	1,424	1,146
Other receivables	15	264
Amounts due from group undertakings	1,950	-
Deposits and prepayments	1,550	840
Taxation and social security	-	205
	<u>4,939</u>	<u>2,455</u>

15 Trade and other payables

	2017 £000	2016 £000
Trade payables	-	279
Amounts due to group undertakings	22,024	14,683
Other creditors	1,144	1,155
Accruals and deferred income	5,167	5,549
Taxation and social security	670	-
	<u>29,005</u>	<u>21,666</u>

All intercompany loans are unsecured and payable on demand.

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

16 Provisions for liabilities

Insurance Reserves represent provisions for losses under third party liabilities or claims. Due to the timescales and uncertainties involved in such claims, provision is made upon the profile of claims experience, allowing for potential claims for a number of years after policy inception.

Other trading provisions comprises a dilapidation provision to cover the cost of remediation of certain properties held under operating leases, the ultimate expenditure of which is expected to be coterminous with the underlying remaining lease periods.

The provisions are based on management's best estimate of the expected probable outflow.

	2017 £000	2016 £000
Insurance	1,311	1,146
Dilapidations	10	106
Total short term provisions	1,321	1,252
Insurance	2,866	4,707
Dilapidations	100	
Total long term provisions	2,966	4,707
Total provisions	4,287	5,959

Charges and releases to the provisions during the year are as follows:

	Insurance Reserves £000	Other Trading £000	Total £000
At 1 January 2017	5,853	106	5,959
Charged in the year	2,617	110	2,727
Utilised in the year	(4,293)	(106)	(4,399)
At 31 December 2017	4,177	110	4,287

17 Deferred income

	2017 £000	2016 £000
Other deferred income	2,328	2,693

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

18 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£000	£000
Charge to profit or loss in respect of defined contribution schemes	100	106

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2017	2016
Ordinary share capital Issued and fully paid 6,221,767 of 1p each	£000	£000
	62	62

All shares are fully authorised and issued at £0.01. The Company has one class of ordinary shares which carry no right to fixed income.

20 Reserves

Share premium account

The share premium reserve contains the premium arising on the issue of equity shares, £3.7 million (2016: £3.7 million)

Retained earnings

The retained deficit reserve represents cumulative profits or losses and other adjustments, £30.4 million (2016: £27.4 million)

ZIPCAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

21 Lease Commitments

Obligations under operating leases

The Company had operating lease agreements in place for its two offices. One of the leases expired at the end of March 2017 and the second expired at the end of May 2017. The lease commitments below as at 31 December 2016 reflect commitments up to the expiration dates.

Additionally the Company has operating lease commitments in respect of vehicles with Avis Budget UK Limited. Under this arrangement Avis Budget UK Limited will invoice Zipcar (UK) Limited in respect of all vehicles held as at 31 December 2016 as indicated below.

Obligations under all leases held as at 31 December comprise:

	2017		2016	
	Vehicles £000	Land and buildings £000	Vehicles £000	Land and buildings £000
Due date:				
Within one year	2,968	-	2,621	153
Between two and five years	1,696	-	311	-
At 31 December	<u>4,664</u>	<u>-</u>	<u>2,932</u>	<u>153</u>

22 Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of Zipcar Incorporated, a company incorporated in the United States of America.

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

23 Related party transactions

The Company has taken advantage of the exemption within Paragraph 1.12 of FRS 102, for wholly owned subsidiary undertakings not to disclose transactions with other entities within the same group. The consolidated financial statements for Avis Budget Group, Inc., in which the Company is included, are publicly available at www.avisbudgetgroup.com.