

Notes to the Financial Statements for the year ended 31 December

1 Segmental and geographic information

The single activity of the Group is the supply of vehicle rental services. Revenue and operating profit are derived entirely from continuing activities.

Revenue by geographic market	2002 €'000	2001 €'000	2002 £'000	2001 £'000
United Kingdom	268,530	304,178	168,791	189,601
France	213,767	224,412	134,368	139,881
Germany	174,549	202,926	109,717	126,488
Spain	163,971	151,857	103,068	94,656
Italy	162,419	172,781	102,092	107,698
Others	205,966	199,238	129,465	124,189
	1,189,202	1,255,392	747,501	782,513

Revenue is by destination which is not materially different to revenue by origin.

The joint venture, AutoCascade, had turnover in the year of €312,000; £196,000 (2001: nil).

The Group does not present a segmental analysis of operating profit and net operating assets as, in the opinion of the Directors, presentation of the information would be seriously prejudicial to the Group's commercial interests.

2 Operating profit	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Operating profit is stated after charging:				
Depreciation on vehicles – owned	196,227	237,920	123,427	149,252
Depreciation on vehicles – under finance leases	108,912	76,980	68,355	47,049
Depreciation on other tangible fixed assets	16,515	17,432	10,360	10,875
Amortisation of goodwill	4,029	3,997	2,527	2,491
Hire of plant and machinery	11,400	11,951	7,155	7,457
Other operating lease rentals	42,542	39,864	26,700	24,873
Auditors' remuneration (for audit services)	1,176	1,072	738	669

During the year the Group incurred €1,417,000; £889,000 (2001: €864,000; £539,000) payable to its auditors in the United Kingdom for non-audit services. The audit fee in respect of the Company was €252,000; £158,000 (2001: €223,000; £139,000).

3 Exceptional items

Exceptional administrative expenses in the year were as follows:

As a result of business conditions following the unfortunate events of 11 September 2001, action has been taken to reduce a number of management and support positions across Europe, incurring severance costs of €6,240,000; £3,946,000.

A charge of €6,921,000; £4,405,000 has been made to reduce Centrus credit hire receivables to their recoverable amount. This reflects experience in collections to date, particularly due to the transition to an industry-wide protocol following certain landmark legal cases affecting the industry. The charge is stated net of amounts recovered from the Group's previous advisers.

A dispute has arisen as to the recoverability of certain prior year re-insured amounts from the Group's former principal re-insurer which is now in run off under the supervision of the Financial Services Authority. Accordingly, a charge of €3,273,000; £2,083,000 has been made based upon legal advice as to the outcome of the dispute.

The exceptional item in the prior year related to losses incurred as a part of the restructuring of the Group's interest in its former joint venture, yourautochoice.com.

4 Directors and employees	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Staff costs				
Wages and salaries	203,812	209,776	127,916	130,889
Social security costs	35,906	35,758	22,535	22,311
Other pension costs	13,756	12,077	8,634	7,535
	253,474	257,611	159,085	160,735

Notes to the Financial Statements for the year ended 31 December

4 Directors and employees (continued)	2002 Number	2001 Number
Staff numbers (average full time equivalent)		
United Kingdom	1,376	1,484
France	1,182	1,234
Germany	729	766
Italy	517	522
Spain	1,018	1,019
Others	1,018	970
	5,840	5,995

5 Directors' remuneration, interests and transactions

Details of Directors' remuneration for the year are provided in the audited part of the Directors' Remuneration Report.

6 Net interest payable	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Interest payable				
On finance charges payable under finance leases	11,934	14,316	7,497	8,931
On bank loans and overdrafts	53,286	55,484	33,498	34,615
On deferred consideration	3,155	4,188	1,976	2,613
Share of joint venture	-	16	-	10
Interest payable capitalised	(270)	(130)	(170)	(81)
	68,105	73,874	42,801	46,088
Interest receivable				
By subsidiaries	(5,013)	(2,912)	(3,167)	(1,817)
Share of joint venture	(25)	-	(16)	-
	(5,038)	(2,912)	(3,183)	(1,817)
	63,067	70,962	39,618	44,271
Analysis of net interest payable				
Ordinary	63,067	70,946	39,618	44,261
Exceptional	-	16	-	10
	63,067	70,962	39,618	44,271

Interest payable has been capitalised based on the average one month sterling money market rate for the year applied to the accumulated spend on major projects in development.

7 Taxation	2002 €'000	2001 €'000	2002 £'000	2001 £'000
(i) Analysis of charge in year				
Current tax:				
UK corporation tax on profits for the year before exceptional items	19,072	13,787	12,053	8,555
Tax on exceptional items	(3,404)	-	(2,169)	-
Share of joint venture's tax – ordinary	-	(79)	-	(49)
Share of joint venture's tax – exceptional	-	(862)	-	(535)
Adjustments in respect of prior years	(2,785)	(4,311)	(1,757)	(2,675)
	12,883	8,535	8,127	5,296
Foreign tax:				
Corporation tax on profits for the year before exceptional items	13,807	19,448	8,710	12,067
Tax on exceptional items	(1,791)	-	(1,130)	-
Adjustments in respect of prior years	(3,018)	2,835	(1,904)	1,759
	8,998	22,283	5,676	13,826
Total current tax (see Note 7ii)	21,881	30,818	13,803	19,122
Deferred tax:				
Origination and reversal of timing differences	(1,040)	(828)	(656)	(514)
Tax on profit on ordinary activities	20,841	29,990	13,147	18,608

7 Taxation (continued)**(ii) Factors affecting the tax charge for the year**

The tax charge for the year is lower than the rate of UK corporation tax (30%) explained as follows:

	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Profit on ordinary activities before taxation	101,807	136,319	64,353	84,582
Tax at 30%	30,542	40,896	19,306	25,375
Differing rates applied to overseas profit	(2,988)	(3,631)	(1,885)	(2,253)
Expenses not deductible for tax purposes	6,363	7,186	4,014	4,459
Utilisation of tax losses	(5,482)	(7,254)	(3,458)	(4,501)
Timing differences	(1,197)	(8,203)	(755)	(5,090)
Adjustments in respect of prior years	(5,803)	(1,476)	(3,661)	(916)
Other	446	3,300	242	2,048
Current tax	21,881	30,818	13,803	19,122

(iii) Factors that may affect future tax charges

Unrelieved tax losses of €93,986,000; £60,460,000 (2001: €112,945,000; £69,950,000) are carried forward and are available to reduce the tax liability in respect of future years.

8 Dividends	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Dividend per ordinary share				
Interim dividend of 2.0p; 3.2c (2001: 2.0p; 3.2c)	18,558	18,890	11,723	11,697
Proposed final dividend of 3.8p; 6.0c (2001: 3.8p; 6.1c)	34,989	35,846	22,268	22,231
	53,547	54,736	33,991	33,928

9 Earnings per share

Basic earnings per share is based on the profit for the year which has also been used to calculate the diluted earnings per share. Adjusted earnings per share is calculated after adjusting for exceptional items and goodwill amortisation to highlight the ongoing trading performance of the Group.

	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Profit	80,837	106,096	51,125	65,830
Amortisation of goodwill	4,029	3,997	2,527	2,491
Exceptional items	16,434	3,927	10,434	2,431
Taxation on exceptional items	(5,195)	(862)	(3,299)	(535)
Adjusted profit pre goodwill and exceptional items	96,105	113,158	60,787	70,217

	2002 Cents	2001 Cents	2002 Pence	2001 Pence
Basic earnings per share	13.8	18.2	8.7	11.3
Adjustment re potentially dilutive share options	–	(0.1)	–	–
Diluted earnings per share	13.8	18.1	8.7	11.3

	2002	2001	2002	2001
Basic earnings per share	13.8	18.2	8.7	11.3
Amortisation of goodwill	0.7	0.7	0.4	0.4
Exceptional items	2.8	0.6	1.9	0.4
Taxation on exceptional items	(0.9)	(0.1)	(0.6)	(0.1)
Adjusted earnings per share	16.4	19.4	10.4	12.0

The weighted average number of shares in issue for the year was 584,561,717 (2001: 583,876,743). The Group has granted options to certain Directors and employees over ordinary shares of Avis Europe plc. Such shares constitute the only category of potentially dilutive ordinary shares and these would have increased the weighted average number of shares in issue by 423,069 in 2002 (2001: 769,728). These options had no impact on profit in either year.

Notes to the Financial Statements for the year ended 31 December

10 Goodwill	€'000	£'000
Cost		
At 1 January 2002	82,368	51,023
Exchange movements	(2,688)	234
At 31 December 2002	79,680	51,257
Accumulated amortisation		
At 1 January 2002	11,722	7,270
Charge for the year	4,018	2,520
Exchange movements	(465)	36
At 31 December 2002	15,275	9,826
Net book amount		
At 31 December 2002	64,405	41,431
At 31 December 2001	70,646	43,753

Goodwill of €1,080,421,000; £783,462,000, arising prior to 28 February 1998, was written off immediately against reserves (see Note 18).

11 Tangible fixed assets	Freehold land & buildings €'000	Short leasehold property €'000	Plant & equipment €'000	Vehicles €'000	Total €'000
Cost					
At 1 January 2002	15,507	37,518	66,491	1,469,039*	1,588,555
Additions	10,607	2,756	14,101	2,447,583	2,475,047
Disposals	(348)	(674)	(3,385)	(2,442,668)	(2,447,075)
Exchange movements	441	97	(836)	(7,555)	(7,853)
At 31 December 2002	26,207	39,697	76,371	1,466,399	1,608,674
Accumulated depreciation					
At 1 January 2002	1,954	11,573	34,709	140,536	188,772
Charge for the year	960	3,298	12,257	305,139	321,654
Disposals	(341)	(538)	(1,485)	(289,234)	(291,598)
Exchange movements	99	(213)	314	(2,463)	(2,263)
At 31 December 2002	2,672	14,120	45,795	153,978	216,565
Net book amount					
At 31 December 2002	23,535	25,577	30,576	1,312,421	1,392,109
At 31 December 2001	13,553	25,945	31,782	1,328,503	1,399,783

	Freehold land & buildings £'000	Short leasehold property £'000	Plant & equipment £'000	Vehicles £'000	Total £'000
Cost					
At 1 January 2002	9,604	23,234	41,180	909,808*	983,826
Additions	6,654	1,729	8,846	1,532,995	1,550,224
Disposals	(218)	(423)	(2,123)	(1,532,270)	(1,535,034)
Exchange movements	819	997	1,226	32,779	35,821
At 31 December 2002	16,859	25,537	49,129	943,312	1,034,837
Accumulated depreciation					
At 1 January 2002	1,210	7,167	21,495	87,033	116,905
Charge for the year	602	2,069	7,689	191,782	202,142
Disposals	(214)	(338)	(931)	(181,440)	(182,923)
Exchange movements	121	185	1,207	1,677	3,190
At 31 December 2002	1,719	9,083	29,460	99,052	139,314
Net book amount					
At 31 December 2002	15,140	16,454	19,669	844,260	895,523
At 31 December 2001	8,394	16,067	19,685	822,775	866,921

*Comparatives restated, see Note 13.

11 Tangible fixed assets (continued)

At 31 December, vehicles held under finance leases are included in tangible fixed assets at the following amounts:

	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Cost	394,141	415,415	253,545	257,277
Accumulated depreciation	(32,320)	(23,503)	(20,791)	(15,067)
Net book amount	361,821	391,912	232,754	242,210

Cumulative interest payable capitalised included in the cost of tangible fixed assets amounts to €400,000; £257,000 (2001: €130,000; £81,000).

At 31 December 2002, the Group had capital commitments contracted, but not provided for, amounting to €420,905,000; £270,762,000 (2001: €343,623,000; £212,814,000).

12 Fixed asset investments

Group:	Joint venture	Associate	Other	Own shares	Total
Cost	€'000	€'000	investments €'000	€'000	€'000
At 1 January 2002	2,062	434	656	2,477	5,629
Amortisation of goodwill arising on acquisition	–	(11)	–	–	(11)
Share of losses	(1,107)	(61)	–	–	(1,168)
Disposals	–	–	–	(8)	(8)
Exchange movements	(46)	(26)	(25)	(92)	(189)
At 31 December 2002	909	336	631	2,377	4,253

Group:	Joint venture	Associate	Other	Own shares	Total
Cost	£'000	£'000	investments £'000	£'000	£'000
At 1 January 2002	1,277	269	406	1,534	3,486
Amortisation of goodwill arising on acquisition	–	(7)	–	–	(7)
Share of losses	(692)	(39)	–	–	(731)
Disposals	–	–	–	(5)	(5)
Exchange movements	–	(7)	–	–	(7)
At 31 December 2002	585	216	406	1,529	2,736

Company:	Subsidiaries	Own shares	Total
Cost	£'000	£'000	£'000
At 1 January 2002	750,878	1,534	752,412
Disposals	(39,953)	(5)	(39,958)
At 31 December 2002	710,925	1,529	712,454

During the year, the Company disposed of its 100% interest in Centrus Limited to a fellow subsidiary at cost, for a cash consideration of £33,845,000, and disposed of its 50% interest in Avis Investment Services (No.2) to a fellow subsidiary at cost, for a cash consideration of £6,108,000.

Investment in joint venture undertaking

At 31 December, the Group's interest in its joint venture (AutoCascade) comprised:

Group:	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Share of gross assets	1,108	2,355	713	1,459
Share of gross liabilities	(199)	(293)	(128)	(182)
	909	2,062	585	1,277

Notes to the Financial Statements for the year ended 31 December

12 Fixed asset investments (continued)

Own shares

The shares are held by the Avis Europe Employee Share Trust, a discretionary trust, to partially satisfy options and awards granted under a number of the Group's share schemes. Further details in relation to these share schemes are provided in the Remuneration Report. At 31 December 2002, the Trust held 974,874 shares (2001: 979,198 shares), with a market value of 95.5 pence per share (2001: 163.0 pence per share), which have been recognised as an investment in own shares. None of the shares held at the year end are under option to employees, nor have they been conditionally gifted to them. The Avis Europe Employee Share Trust has not waived its right to dividends on these shares.

Europe Leisure Holdings NV

Europe Leisure Holdings NV is considered to be a quasi-subsiary and consequently the assets and liabilities of the company and its subsidiary are consolidated in these Financial Statements. The summarised consolidated results of Europe Leisure Holdings NV are as follows:

Turnover, €23,527,000; £14,788,000 (2001: €28,781,000; £17,940,000); Profit on ordinary activities before taxation, €6,764,000; £4,276,000 (2001: €9,219,000; £5,720,000); Fixed assets, €5,404,000; £3,476,000 (2001: €5,921,000; £3,667,000); Net current liabilities, €2,443,000; £1,572,000 (2001: €4,747,000; £2,940,000) and Net cash inflow from operating activities, €4,009,000; £2,538,000 (2001: €11,401,000; £7,061,000).

13 Debtors

Group:	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Trade debtors	274,756	333,239	176,747	206,383
Centrus credit hire debtors	62,492	68,300	40,200	42,300
Pension prepayments	687	2,010	442	1,245
Other debtors	134,566	121,718	86,564	75,383
Other prepayments	55,894	42,293*	35,956	26,193*
	528,395	567,560	339,909	351,504

*The comparative other prepayments have been restated so that amounts included for prepaid but as yet not registered vehicles are now classified as fixed assets. This adjustment amounted to €63,947,000; £39,604,000 with an equal and opposite amount being reflected in vehicle fixed assets. Note that for cash flow purposes, the balance at 31 December 2000 has been reduced by €27,995,000; £17,112,000.

Company:	2002 £'000	2001 £'000
Amounts owed by Group subsidiaries	125,363	61,154
Prepayments	36	30
	125,399	61,184

14 Bank and other loans

Group:	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Creditors amounts falling due within one year				
Bank loans, overdrafts and other loans	131,901	264,092	84,849	163,559
Loan notes	49,774	–	32,019	–
	181,675	264,092	116,868	163,559
Creditors amounts falling due after more than one year				
Bank loans and overdrafts	300,411	251,887	193,250	156,000
Senior unsecured loan notes	442,235	320,750	284,483	198,649
	742,646	572,637	477,733	354,649

15 Other creditors

Group:	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Amounts falling due within one year				
Trade creditors	286,260	349,137	184,147	216,229
Corporation taxes	40,304	24,905	25,927	15,424
Other taxes and social security	19,658	18,816	12,645	11,653
Other creditors	70,337	73,535	45,246	45,542
Obligations under finance leases	310,551	315,566	199,773	195,438
Accruals and deferred income	232,102	209,131	149,311	129,521
Proposed dividend	34,617	35,897	22,268	22,231
	993,829	1,026,987	639,317	636,038

15 Other creditors (continued)	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Amounts falling due after more than one year				
Other creditors falling due between one and two years	222	213	143	132
Other creditors falling due between two and five years	779	749	501	464
Other creditors falling due after more than five years	34,038	35,646	21,896	22,076
	35,039	36,608	22,540	22,672

Company:	2002 £'000	2001 £'000
Amounts falling due within one year		
Amounts due to Group undertakings	130,083	108,555
Other creditors	1,612	2,386
Proposed dividend	22,268	22,231
	153,963	133,172

Other creditors falling due after more than one year represent deferred consideration arising on the acquisition of shares in Avis Europe Investment Holdings Limited from Avis Inc. and is payable in annual instalments of £1,940,000 at an interest rate of 8%.

16 Provisions for liabilities and charges

Group:	Pensions €'000	Deferred taxation €'000	Total €'000	Pensions £'000	Deferred taxation £'000	Total £'000
At 1 January 2002	20,865	59,253	80,118	12,922	36,697	49,619
Profit and loss charge/(credit)	3,984	(1,040)	2,944	2,499	(656)	1,843
Utilisation	(2,234)	–	(2,234)	(1,401)	–	(1,401)
Exchange movements	(1)	(307)	(308)	527	1,209	1,736
At 31 December 2002	22,614	57,906	80,520	14,547	37,250	51,797

The pension provision arises from the difference between contributions paid to pension schemes and the amount charged to the profit and loss account. Further details are set out in Note 23.

Deferred taxation provided and deferred taxation not recognised are as follows:

	Provided		Not recognised	
	2002 €'000	2001 €'000	2002 €'000	2001 €'000
Accelerated capital allowances	27,453	24,013	–	(1,414)
Other timing differences	30,741	41,699	–	(2,745)
Losses available for offset	(288)	(6,459)	(28,196)	(33,884)
	57,906	59,253	(28,196)	(38,043)

	Provided		Not recognised	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Accelerated capital allowances	17,660	14,872	–	(876)
Other timing differences	19,775	25,825	–	(1,700)
Losses available for offset	(185)	(4,000)	(18,138)	(20,985)
	37,250	36,697	(18,138)	(23,561)

17 Called-up share capital	2002			2001		
	Number	€'000	£'000	Number	€'000	£'000
Authorised share capital						
Ordinary shares of 1p each	800,000,000		8,000	800,000,000		8,000
Issued and fully paid share capital						
Ordinary shares of 1p each	585,780,030	8,083	5,858	585,011,264	8,071	5,850

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17 Called-up share capital (continued)

The movement in the issued share capital during the year is wholly attributable to the exercise of options under various share option schemes. At 31 December 2002, options granted under these schemes were outstanding as follows:

Date of grant	Number of ordinary shares 2002	Number of ordinary shares 2001	Exercise price range	Exercisable years
2002	2,688,400	–	99.7p–207.8p	2005–2012
2001	1,909,000	2,044,350	145.3p–162.7p	2004–2011
2000	1,120,500	1,301,000	198.7p–199.0p	2003–2010
1999	909,095	1,028,595	253.3p–279.8p	2002–2009
1998	2,169,405	2,510,155	248.2p–268.0p	2001–2008
1997	2,498,587	3,243,853	124.0p–127.8p	2000–2007

18 Reserves

Group:	Share premium €'000	Profit and loss €'000	Total €'000	Share premium £'000	Profit and loss £'000	Total £'000
At 1 January 2002	874,018	(797,554)	76,464	633,541	(587,036)	46,505
Premium arising on issue of ordinary shares	1,966	(422)	1,544	1,216	(262)	954
Retained profit for the year	–	27,290	27,290	–	17,134	17,134
Exchange movements (net of taxation)	–	(3,870)	(3,870)	–	(4)	(4)
At 31 December 2002	875,984	(774,556)	101,428	634,757	(570,168)	64,589

Goodwill, of €1,080,421,000; £783,462,000, arising before 28 February 1998 has been written off against the profit and loss account.

The loss in the profit and loss reserve in the year arose on the issue of ordinary shares relating to certain share option schemes.

Company:	Share premium £'000	Profit and loss £'000	Total £'000
At 1 January 2002	633,541	41,033	674,574
Premium arising on issue of ordinary shares	1,216	–	1,216
Retained profit for the year	–	2,242	2,242
At 31 December 2002	634,757	43,275	678,032

As allowed by Section 230 of the Companies Act 1985, no profit and loss account is presented in respect of the Company. The profit of the Company for the financial year was £43,275,000 (2001: £34,803,000).

19 Reconciliation of movements in shareholders' funds

Group:	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Profit for the year	80,837	106,096	51,125	65,830
Dividends	(53,547)	(54,736)	(33,991)	(33,928)
Exchange movements	(3,870)	(2,356)	(4)	(1,270)
Issue of shares (see Notes 17 and 18)	1,556	527	962	327
Net addition to shareholders' funds	24,976	49,531	18,092	30,959
Opening shareholders' funds	84,535	35,004	52,355	21,396
Closing shareholders' funds	109,511	84,535	70,447	52,355

20 Minority interests

Group:	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Profit on ordinary activities after taxation	129	233	81	144
Dividends paid	(200)	(141)	(126)	(88)
Exchange movements	–	(9)	15	–
	(71)	83	(30)	56
Opening minority interests	657	574	407	351
Closing minority interests	586	657	377	407

21 Contingent liabilities

The Company and certain subsidiaries have provided unsecured guarantees to certain third parties in connection with the normal course of business. The Company and certain subsidiaries have also created guarantees in favour of certain lenders, in respect of some of the Group's senior unsecured loan notes and borrowing facilities. The Directors are of the opinion that these arrangements will not have a material impact on the results and financial position of the Group.

22 Financial commitments

At 31 December 2002, the Group had the following commitments under operating leases in respect of the year ending 31 December 2003:

Expiring:	Land and buildings €'000	Motor vehicles €'000	Others €'000	Total €'000
Within one year	8,851	5,721	211	14,783
Between one and two years	2,663	493	82	3,238
Between two and five years	6,468	–	58	6,526
After more than five years	9,716	–	–	9,716
	27,698	6,214	351	34,263

Expiring:	Land and buildings £'000	Motor vehicles £'000	Others £'000	Total £'000
Within one year	5,694	3,680	136	9,510
Between one and two years	1,713	317	53	2,083
Between two and five years	4,161	–	37	4,198
After more than five years	6,250	–	–	6,250
	17,818	3,997	226	22,041

At 31 December 2001, the Group had the following commitments under operating leases in respect of the year ending 31 December 2002:

Expiring:	Land and buildings €'000	Motor vehicles €'000	Others €'000	Total €'000
Within one year	5,213	751	213	6,177
Between one and two years	754	5,042	185	5,981
Between two and five years	4,902	–	39	4,941
After more than five years	5,522	–	–	5,522
	16,391	5,793	437	22,621

Expiring:	Land and buildings £'000	Motor vehicles £'000	Others £'000	Total £'000
Within one year	3,229	465	132	3,826
Between one and two years	467	3,123	115	3,705
Between two and five years	3,036	–	24	3,060
After more than five years	3,420	–	–	3,420
	10,152	3,588	271	14,011

23 Pensions

(i) Pension schemes

Where applicable, subsidiaries contribute to the relevant state pension scheme. Certain subsidiaries operate schemes which provide retirement benefits, including those of the defined benefit type and in most cases are funded by investments held outside the Group.

In the year ended 31 December 2002, the profit and loss account charge in respect of pensions was €13,756,000; £8,634,000 (2001: €12,077,000; £7,535,000) of which €9,433,000; £5,923,000 (2001: €8,965,000; £5,593,000) related to the principal defined benefit schemes in the United Kingdom and Germany.

The main actuarial assumptions and results of the valuations of these principal schemes are as follows:

	UK	Germany
Main assumptions:		
Rate of return on investments	6.50%	5.75%
Rate of salary increase	4.00%	3.50%
Rate of pension increase	2.50%	1.50%
Value of scheme's assets ('000)	€71,724	
Value of balance sheet provision ('000)		€20,830
Value of past service liabilities ('000)	€86,223	€21,166
Past service (deficit)/surplus ('000)	€(14,499)	€(346)
Actuarial value of assets as a percentage of past service liabilities	83.2%	
Book provision as a percentage of past service liabilities		98.4%
Contribution rate for 2003 as a percentage of pensionable pay	14.5%	
Date of last valuation	30 June 2002	31 December 2002

Notes to the Financial Statements for the year ended 31 December

23 Pensions (continued)

(ii) FRS 17 Retirement Benefits

The Group has not adopted FRS 17 in the current year. However, in accordance with its requirements, transitional disclosures are set out below:

The valuations used for these disclosures have been based on the most recent actuarial valuations, updated by the scheme actuaries to assess the liabilities of the scheme and the market value of the scheme assets at each of the balance sheet dates.

(a) Assumptions	2002		2001	
	Funded schemes	Unfunded schemes	Funded schemes	Unfunded schemes
Valuation method	Projected unit	Projected unit	Projected unit	Projected unit
Inflation rate	2.2%	3.5%	2.4%	3.5%
Discount rate	5.4%	5.8%	5.5%	6.5%
Expected rate of salary increases	3.6%	3.5%	3.8%	3.5%
Rate of pension increases in payment	2.2%	1.5%	2.7%	1.5%
Rate of pension increases in deferment	2.2%	1.5%	2.7%	3.5%

(b) Defined benefit scheme assets and expected rate of return

	31 December 2002				
	Funded schemes	Funded schemes	Unfunded schemes	Funded schemes	Unfunded schemes
	Long term rate of return expected %	Value €'000	Value €'000	Value £'000	Value £'000
Equities	8.5	51,203	–	32,938	–
Bonds	5.0	10,072	–	6,479	–
Other	4.5	14,830	–	9,540	–
Total market value of assets		76,105	–	48,957	–

	31 December 2001				
	Funded schemes	Funded schemes	Unfunded schemes	Funded schemes	Unfunded schemes
	Long term rate of return expected %	Value €'000	Value €'000	Value £'000	Value £'000
Equities	7.6	57,411	–	35,556	–
Bonds	5.4	12,565	–	7,782	–
Other	4.8	13,775	–	8,531	–
Total market value of assets		83,751	–	51,869	–

(c) Components of defined benefit cost under FRS 17	Funded schemes	Unfunded schemes	Total	Funded schemes	Unfunded schemes	Total
	2002	2002		2002	2002	
	€'000	€'000	€'000	£'000	£'000	£'000
Analysis of amounts that would be charged to operating profit:						
Total charged to operating profit in respect of defined benefit members	7,251	902	8,153	4,551	566	5,117
Analysis of amount that would be charged/ (credited) to other finance income:						
Interest on pension scheme liabilities	6,342	1,223	7,565	3,980	768	4,748
Expected return on pension scheme assets	(5,687)	–	(5,687)	(3,569)	–	(3,569)
Net charge to other finance income	655	1,223	1,878	411	768	1,179
Total potential profit and loss account charge before deduction for tax	7,906	2,125	10,031	4,962	1,334	6,296
Analysis of amounts that would be recognised in the statement of total recognised gains and losses:						
Loss on assets	18,004	–	18,004	11,300	–	11,300
Experience gain on liabilities	(132)	(664)	(796)	(83)	(417)	(500)
(Gain)/loss on change of assumptions (financial and demographic)	(1,169)	1,242	73	(734)	779	45
Exchange movements	(1,224)	–	(1,224)	74	488	562
Total (gain)/loss that would be recognised in the statement of total recognised gains and losses before tax	15,479	578	16,057	10,557	850	11,407

23 Pensions (continued)

		2002		2002	
		Funded schemes €'000	Unfunded schemes €'000	Funded schemes £'000	Unfunded schemes £'000
(d) History of experience gains and losses					
Loss on scheme assets	amount	18,004	–	11,300	–
	% of scheme assets carried forward	23.7%	–	23.1%	–
Experience gain on scheme liabilities	amount	(132)	(664)	(83)	(417)
	% of scheme liabilities carried forward	0.1%	3.1%	0.1%	3.1%
Total actuarial loss that would be recognised in the statement of total recognised gains and losses					
	amount	15,479	578	10,557	850
	% of scheme liabilities carried forward	13.3%	2.7%	14.1%	6.2%

	Funded schemes 2002 €'000	Unfunded schemes 2002 €'000	Total 2002 €'000	Funded schemes 2002 £'000	Unfunded schemes 2002 £'000	Total 2002 £'000
(e) Reconciliation to the balance sheet						
Market value of scheme assets	76,105	–	76,105	48,957	–	48,957
Actuarial value of scheme liabilities	(116,228)	(21,166)	(137,394)	(74,767)	(13,615)	(88,382)
Deficit in the scheme	(40,123)	(21,166)	(61,289)	(25,810)	(13,615)	(39,425)
Value of balance sheet provision	–	20,830	20,830	–	13,400	13,400
Net position	(40,123)	(336)	(40,459)	(25,810)	(215)	(26,025)

Analysis of the movement in deficit in the scheme during the year:

Deficit in the scheme at 1 January 2002	(25,809)	(18,824)	(44,633)	(15,984)	(11,658)	(27,642)
Contributions/benefits paid	9,071	361	9,432	5,693	227	5,920
Current service cost	(7,251)	(902)	(8,153)	(4,551)	(566)	(5,117)
Other finance charge	(655)	(1,223)	(1,878)	(411)	(768)	(1,179)
Actuarial loss	(16,703)	(578)	(17,281)	(10,483)	(362)	(10,845)
Currency gain/(loss)	1,224	–	1,224	(74)	(488)	(562)
Deficit in the scheme at 31 December 2002	(40,123)	(21,166)	(61,289)	(25,810)	(13,615)	(39,425)

	Net assets 2002 €'000	Profit and loss reserve 2002 €'000	Net assets 2002 £'000	Profit and loss reserve 2002 £'000
Excluding pension deficit as reported	110,097	(774,556)	70,824	(570,168)
Adjustment for unfunded scheme book provision	20,830	20,830	13,400	13,400
Pension deficit	(61,289)	(61,289)	(39,425)	(39,425)
Related deferred tax asset	12,341	12,341	7,939	7,939
Including pension deficit	81,979	(802,674)	52,738	(588,254)

	Net assets 2001 €'000	Profit and loss reserve 2001 €'000	Net assets 2001 £'000	Profit and loss reserve 2001 £'000
Excluding pension deficit as reported	85,192	(797,554)	52,762	(587,036)
Adjustment for unfunded scheme book provision	17,191	17,191	10,647	10,647
Pension deficit	(44,633)	(44,633)	(27,642)	(27,642)
Related deferred tax asset	8,251	8,251	5,110	5,110
Including pension deficit	66,001	(816,745)	40,877	(598,921)

Notes to the Financial Statements for the year ended 31 December

24 Financial instruments

The Group's objectives and policies for the use of financial instruments, including derivatives, are detailed in the Operating and Financial Review. Amounts dealt with in this note include cash, overdrafts, loan notes, commercial paper, deferred consideration and finance leases, but no other assets and liabilities.

Where applicable, amounts within this note take account of interest rate swaps and currency swaps.

(i) Maturity of financial liabilities

The maturity profile of the Group's financial liabilities as at 31 December was as follows:

	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Amounts falling due within one year				
Obligations under finance leases	310,551	315,566	199,773	195,438
Commercial paper	27,817	46,554	17,894	28,832
Bank loans and overdrafts	104,084	217,538	66,955	134,727
Senior unsecured loan notes	49,774	–	32,019	–
Deferred consideration	205	13,574	132	8,407
	492,431	593,232	316,773	367,404
Amounts falling due within one to two years				
Bank loans	85,887	251,887	55,250	156,000
Senior unsecured loan notes	33,771	49,774	21,724	30,826
Deferred consideration	222	213	143	132
	119,880	301,874	77,117	186,958
Amounts falling due within two to five years				
Bank loans	214,524	–	138,000	–
Senior unsecured loan notes	330,497	110,976	212,604	68,731
Deferred consideration	779	749	501	464
	545,800	111,725	351,105	69,195
Amounts falling due after five years				
Senior unsecured loan notes	77,967	160,000	50,155	99,092
Deferred consideration	34,038	35,646	21,896	22,076
	112,005	195,646	72,051	121,168
Total	1,270,116	1,202,477	817,046	744,725

Analysed as follows:

Commercial paper	27,817	46,554	17,894	28,832
Bank loans and overdrafts	404,495	469,425	260,205	290,727
Senior unsecured loan notes	492,009	320,750	316,502	198,649
Sub total – bank and other loans	924,321	836,729	594,601	518,208
Obligations under finance leases	310,551	315,566	199,773	195,438
Deferred consideration (see Note 15)	35,244	50,182	22,672	31,079
Total	1,270,116	1,202,477	817,046	744,725

The senior unsecured loan notes comprise the following:

	2002		2001	
	Principal '000	Maturing	Principal '000	Maturing
Issued				
June 1998	\$150,000	Between 2003 and 2005	\$150,000	Between 2003 and 2005
August 2000	\$150,000	In 2007 and 2010	\$150,000	In 2007 and 2010
November 2001	€25,000	In 2006	€25,000	In 2006
March 2002	€25,000	In 2007	–	–
June 2002	€26,767	In 2012	–	–
July 2002	€120,000	In 2007	–	–

24 Financial instruments (continued)**(ii) Analysis of interest rate exposure and currency of financial liabilities**

The interest rate and currency profile of the financial liabilities of the Group as at 31 December are as follows:

	2002			2001		
	Fixed rate €'000	Floating rate €'000	Total €'000	Fixed rate €'000	Floating rate €'000	Total €'000
Currency						
Euro	769,143	334,662	1,103,805	597,823	451,457	1,049,280
Sterling	81,880	67,440	149,320	82,475	77,368	159,843
Other	–	16,991	16,991	–	(6,646)	(6,646)
	851,023	419,093	1,270,116	680,298	522,179	1,202,477

	2002			2001		
	Fixed rate £'000	Floating rate £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Total £'000
Currency						
Euro	494,778	215,283	710,061	370,247	279,599	649,846
Sterling	52,672	43,383	96,055	51,079	47,916	98,995
Other	–	10,930	10,930	–	(4,116)	(4,116)
	547,450	269,596	817,046	421,326	323,399	744,725

The US\$300,000,000 of proceeds from the issues of senior unsecured loan notes have been swapped so as to generate a fixed rate euro liability. €60,000,000 of the proceeds from the issues of senior unsecured loan notes in 2002 were swapped so as to generate a floating rate euro liability.

Included in the floating rate column above are borrowings subject to interest rate caps with an aggregate notional principal of €60,000,000; £38,597,000 (2001: €60,000,000; £37,160,000).

The floating rate financial liabilities principally comprise finance leases, bank loans and overdrafts bearing interest at various rates set with reference to the prevailing EURIBOR or equivalent.

The weighted average interest rate and the weighted average period of the fixed rate liabilities are as follows:

	2002		2001	
	Weighted average fixed interest rate %	Weighted average period for which rate is fixed Years	Weighted average fixed interest rate %	Weighted average period for which rate is fixed Years
Currency				
Euro	5.9	3.0	5.8	3.4
Sterling	6.8	1.7	7.0	1.6
	5.9	2.9	5.9	3.3

The analysis excludes the deferred consideration of €35,244,000; £22,672,000 (2001: €50,183,000; £31,079,000). This bears an interest rate of 8.0% (2001: 8.0%) fixed for 35 years (2001: 36 years).

Excluded from the above two tables are forward start interest rate swaps with aggregate notional principals of £30,000,000 (2001: £40,000,000) and €110,000,000 (2001: €80,000,000), which commence in 2003 and 2004 (2001: 2002 and 2003) and will run for between one and five years (2001: three and five years). These swaps will convert the prevailing floating interest rate to an average fixed rate of 5.2% (2001: 5.8%).

Notes to the Financial Statements for the year ended 31 December

24 Financial instruments (continued)

(iii) Investment in financial assets

The Group's financial assets are represented by fixed asset investments, cash and current asset investments. Fixed asset investments include equity minority interests in French companies of €145,000; £93,000 (2001: €150,000; £93,000) and equity minority interest in a UK company of €466,000; £300,000 (2001: €485,000; £300,000). Cash balances are floating rate assets which earn interest at various rates set with reference to the prevailing EURIBID or equivalent. The current asset investments comprise amounts held by the Group's captive insurer, Aegis Motor Insurance Limited, in an independently managed fund (see note 25iii) and finance lease collateral in France. At 31 December, the investments held by Aegis Motor Insurance Limited consist of €28,062,000; £18,052,000 (2001: €488,000; £302,000) of floating rate notes, fixed rate deposits and shares in a liquidity fund and attract a return with reference to LIBOR or equivalent. At 31 December, the finance lease collateral in France amounts to €85,076,000; £54,728,000 (2001: nil) and attracts interest with reference to EURIBID.

The currency profile of these financial assets of the Group at 31 December are as follows:

	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Currency				
Euro	93,723	4,589	60,290	2,842
Sterling	59,272	17,746	38,129	10,990
Other	2,280	337	1,467	209
	155,275	22,672	99,886	14,041

(iv) Currency exposures

Monetary assets and liabilities denominated in currencies other than the functional currency of the entity owning them, excluding currency funding for overseas net investment (which is dealt with in the Statement of Total Recognised Gains and Losses) are not material to the Group.

(v) Committed borrowing facilities

The committed borrowing facilities of the Group, drawn and undrawn, are as follows:

	2002			2001		
	Drawn €'000	Undrawn €'000	Total €'000	Drawn €'000	Undrawn €'000	Total €'000
Revolving credit facility	404,065	145,935	550,000	251,887	280,951	532,838
Bilateral facilities and finance leases	333,942	621,371	955,313	356,551	490,140	846,691
	738,007	767,306	1,505,313	608,438	771,091	1,379,529

	2002			2001		
	Drawn £'000	Undrawn £'000	Total £'000	Drawn £'000	Undrawn £'000	Total £'000
Revolving credit facility	259,929	93,878	353,807	156,000	174,000	330,000
Bilateral facilities and finance leases	214,820	399,719	614,539	220,821	303,556	524,377
	474,749	493,597	968,346	376,821	477,556	854,377

The drawn amount of the revolving credit facility in 2002 includes €103,654,000; £66,679,000 of letters of credit (2001: nil).

The maturity profile of the Group's undrawn committed facilities at 31 December is as follows:

	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Expiring within one year	621,371	700,046	399,719	433,556
Expiring within one and two years	79,113	71,045	50,892	44,000
Expiring within two and five years	66,822	–	42,986	–
	767,306	771,091	493,597	477,556

At 31 December 2002 there are, in addition, uncommitted facilities available to the Group of €865,701,000; £556,893,000 (2001: €776,100,000; £480,658,000).

24 Financial instruments (continued)**(vi) Fair value of financial assets and liabilities**

The fair value of the financial assets are not considered to be materially different from their book amounts. Accordingly, no further analysis is given with regard to financial assets.

	2002		2001	
	Book amount €'000	Fair value €'000	Book amount €'000	Fair value €'000
Financial liabilities				
Primary financial instruments held or issued to finance the Group's operations:				
Short term borrowings and current portion of long term borrowings	496,858	497,873	592,842	592,842
Long term borrowings	769,933	772,203	646,586	666,682
Derivative financial instruments held to manage the interest rate and currency profile (included in debt):				
Interest rate swaps	-	11,411	-	7,361
Cross currency interest rate swaps	4,046	(8,679)	(37,342)	(57,063)
Forward foreign currency contracts	(721)	4,018	391	(3,938)
	1,270,116		1,202,477	
Derivative financial instruments held to manage the interest rate and currency profile (included in accrued interest):				
Interest rate swaps	(247)		631	
Cross currency interest rate swaps	(3,196)		(3,903)	
Forward foreign currency contracts	(179)		(115)	
	(3,622)		(3,387)	
	1,266,494	1,276,826	1,199,090	1,205,884

	2002		2001	
	Book amount £'000	Fair value £'000	Book amount £'000	Fair value £'000
Financial liabilities				
Primary financial instruments held or issued to finance the Group's operations:				
Short term borrowings and current portion of long term borrowings	319,620	320,275	367,163	366,882
Long term borrowings	495,287	496,747	400,447	412,893
Derivative financial instruments held to manage the interest rate and currency profile (included in debt):				
Interest rate swaps	-	7,438	-	4,503
Cross currency interest rate swaps	2,603	(5,657)	(23,127)	(34,909)
Forward foreign currency contracts	(464)	2,621	242	(2,410)
	817,046		744,725	
Derivative financial instruments held to manage the interest rate and currency profile (included in accrued interest):				
Interest rate swaps	(159)		391	
Cross currency interest rate swaps	(2,056)		(2,417)	
Forward foreign currency contracts	(115)		(71)	
	(2,330)		(2,097)	
	814,716	821,424	742,628	746,959

The fair value of borrowings and interest rate instruments is calculated by discounting relevant future cash flows, including accrued interest, by the market yield curve at the relevant balance sheet date. Currency derivatives are translated at the rates of exchange quoted at the relevant balance sheet date.

Notes to the Financial Statements for the year ended 31 December

24 Financial instruments (continued)

Gains and losses on hedges

Gains and losses on financial instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised.

Unrecognised gains and losses on financial instruments used for hedging, and the movements therein, are as follows:

	2002 Net gains/(losses) €'000	2001 Net gains/(losses) €'000	2002 Net gains/(losses) £'000	2001 Net gains/(losses) £'000
Gains and losses on hedges at 1 January	13,302	(4,255)	7,834	(2,212)
Arising in previous years included in current year income	(16,380)	2,473	(9,717)	1,092
Gains and losses not included in income				
Arising in previous years	(3,078)	(1,782)	(1,883)	(1,120)
Arising in current year	(3,969)	15,084	(2,710)	8,954
Gains and losses on hedges at 31 December	(7,047)	13,302	(4,593)	7,834
Of which:				
Gains and losses expected to be recognised within one year	(7,742)	16,380	(5,046)	9,717
Gains and losses expected to be recognised after more than one year	695	(3,078)	453	(1,883)

25 Notes to the consolidated cash flow statement

	2002		2001	
	Before exceptional items €'000	Exceptional items €'000	€'000	€'000
(i) Reconciliation of operating profit to operating cash flow				
Operating profit	182,512	(16,434)	166,078	211,597
Depreciation on tangible fixed assets	321,654	–	321,654	332,332
Amortisation of goodwill	4,029	–	4,029	3,997
Adjustments arising on differences between sales proceeds and depreciated amounts	(20,553)	–	(20,553)	(17,149)
	305,130	–	305,130	319,180
Increase in debtors	(8,014)	6,711	(1,303)	(35,391)*
Increase in creditors	40,902	7,810	48,712	32,730 *
Net cash inflow from operating activities	520,530	(1,913)	518,617	528,116

	2002		2001	
	Before exceptional items £'000	Exceptional items £'000	£'000	£'000
Operating profit	115,159	(10,434)	104,725	131,527
Depreciation on tangible fixed assets	202,142	–	202,142	207,176
Amortisation of goodwill	2,527	–	2,527	2,491
Adjustments arising on differences between sales proceeds and depreciated amounts	(12,941)	–	(12,941)	(10,676)
	191,728	–	191,728	198,991
Decrease/(increase) in debtors	(3,371)	4,318	947	(22,126)*
Increase in creditors	25,804	5,023	30,827	18,043 *
Net cash inflow from operating activities	329,320	(1,093)	328,227	326,435

*Comparatives restated, see Notes 13 and 25iv.

(ii) Reconciliation of net cash flow to movement in net debt

	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Increase/(decrease) in cash in the year	21,196	(7,207)	13,205	(3,878)
Cash flow from decrease in debt and leasing finance	796,252	830,944	499,258	519,580
Cash flow from increase/(decrease) in liquid resources	112,671	(9,579)	70,666	(5,934)
Movement in net debt resulting from cash flows	930,119	814,158	583,129	509,768
Loans and finance leases on acquisition of subsidiaries	–	(428)	–	(270)
Loan notes cancelled	–	12,863	–	8,000
New finance leases	(880,170)	(728,226)	(552,142)	(454,752)
Exchange movements	102	1,897	(25,870)	(10,596)
Movement in net debt	50,051	100,264	5,117	52,150
Net debt at beginning of the year	(1,130,279)	(1,230,543)	(700,011)	(752,161)
Net debt at end of the year	(1,080,228)	(1,130,279)	(694,894)	(700,011)

25 Notes to the consolidated cash flow statement (continued)

	At 1 January 2002 €'000	Cash flow €'000	Other non-cash €'000	Exchange movements €'000	At 31 December 2002 €'000
(iii) Analysis of changes in net debt					
Cash	21,528	21,196	–	(1,218)	41,506
Debt due within one year	(264,092)	216,070	(132,526)	(1,127)	(181,675)
Debt due after one year	(572,637)	(302,535)	132,526	–	(742,646)
Finance leases	(315,566)	882,717	(880,170)	2,468	(310,551)
	(1,152,295)	796,252	(880,170)	1,341	(1,234,872)
Current asset investments	488	112,671	–	(21)	113,138
	(1,130,279)	930,119	(880,170)	102	(1,080,228)

	At 1 January 2002 £'000	Cash flow £'000	Other non-cash £'000	Exchange movements £'000	At 31 December 2002 £'000
Cash	13,333	13,205	–	162	26,700
Debt due within one year	(163,559)	133,215	(81,441)	(5,083)	(116,868)
Debt due after one year	(354,649)	(187,697)	81,441	(16,828)	(477,733)
Finance leases	(195,438)	553,740	(552,142)	(5,933)	(199,773)
	(713,646)	499,258	(552,142)	(27,844)	(794,374)
Current asset investments	302	70,666	–	1,812	72,780
	(700,011)	583,129	(552,142)	(25,870)	(694,894)

Other non-cash movements represent the effect of the inception of new finance leases during the year and the conversion of debt from long to short term.

Aegis Motor Insurance Limited, a subsidiary of the Group, is required by insurers to maintain reserve cash deposit balances to settle claims. These reserves comprise of cash amounting to €311,000; £200,000 (2001: €4,666,000; £2,890,000) and current asset investments of €8,522,000; £5,482,000 (2001: €488,000; £302,000).

(iv) Reconciliation of fixed asset cash flows

The following table reconciles the movement in fixed assets to the cash flows presented in the cash flow statement.

	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Fixed asset acquisitions	2,475,047	2,778,185	1,550,224	1,734,392
New finance leases	(880,170)	(728,226)	(552,142)	(454,752)
Decrease/(increase) in vehicle creditors	83,408	(58,977)	47,889	(37,995)
Exchange movements	(1,940)	545	7,296	(1,634)
Purchase of tangible fixed assets	1,676,345	1,991,527	1,053,267	1,240,011
Fixed asset disposals	2,155,477	2,401,884	1,352,111	1,500,346
Adjustments arising on differences between sales proceeds and depreciated amounts	20,553	17,149	12,941	10,676
Decrease in vehicle debtors	32,043	12,092	16,322	5,943
Exchange movements	(530)	(172)	1,759	1,730
Sale of tangible fixed assets	2,207,543	2,430,953	1,383,133	1,518,695

Working capital movements in respect of the purchase and sale of tangible fixed assets were previously included within net operating cash inflow. As a result of a change in practice, the comparatives have been restated for the combined effect of this together with the adjustment referred to in Note 13. Reported comparative cash flows for purchase of tangible fixed assets has consequently decreased by €22,480,000; £17,137,000 and the sale of tangible fixed assets has increased by €11,920,000; £7,673,000. For both of these adjustments, a compensating entry has been made within net operating cash inflow.

Notes to the Financial Statements for the year ended 31 December

26 Related party transactions

The transactions and balances which are required to be disclosed in accordance with the requirements of FRS 8, Related Party Disclosures, are as follows:

	2002 €'000	2001 €'000	2002 £'000	2001 £'000
Purchases from joint venture	1	–	–	–
Sales to joint venture	34	833	22	518
Net amounts owing from joint venture	8	–	5	–
Purchases from majority shareholder	38,291	36,333	24,032	22,670
Sales to majority shareholder	30,310	38,665	19,023	24,125
Interest payable to majority shareholder	2,813	5,908	1,767	3,686
Dividends paid and proposed to majority shareholder	31,619	30,981	20,071	19,203
Dividends proposed to majority shareholder remaining outstanding at the year end	20,630	20,318	13,271	12,583
Net current amounts owing to majority shareholder	13,632	6,447	8,769	3,993
Loans owing to majority shareholder	20,416	33,490	13,133	20,741

27 Majority shareholder

The Company's ultimate majority shareholder is 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. Avis Europe plc is the smallest company that consolidates the results of the Company and its subsidiaries. s.a. D'leteren n.v. is the largest company that consolidates the results of the Company and its subsidiaries.

Copies of s.a. D'leteren n.v.'s Financial Statements are available from Avis House, Park Road, Bracknell, Berkshire RG12 2EW.

28 Subsequent events

On 28 January 2003, the Group acquired a 50% interest in Anji Car Rental and Leasing Company Limited ("Anji") for a total consideration of US\$11,000,000. This consideration is payable in instalments, with an initial investment of US\$6,000,000 and four further instalments payable within 30 months bringing the total investment to US\$11,000,000. Anji operates in China providing vehicle rental and leasing services under the Avis brand. At the date of acquisition, Anji had estimated net assets of US\$17,000,000.

On 29 January 2003, the Group completed the purchase of a 100% interest in S.A. Holding Garage des Arènes and its wholly owned subsidiary, S.A. Garage des Arènes ("the Arènes Group"), for a total cash consideration of approximately €6,170,000. The Arènes Group operates in France providing vehicle rental services under the Avis brand. At the date of acquisition, the Arènes Group had estimated net assets of €2,847,000.