

Lowcost Vehicle Rental (UK) Limited

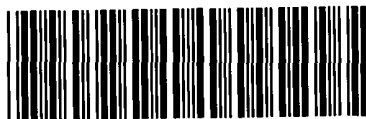
Report and Financial Statements

Year Ended

30 September 2017

Company Number 03816836

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Lowcost Vehicle Rental (UK) Limited

Report and financial statements for the year ended 30 September 2017

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Directors

R Angelini-Hurll
R A Laughton

Registered office

Satila House, 3rd Floor rear, 109-111 Farringdon Road, London, WC1R 3BW

Company number

03816836

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Lowcost Vehicle Rental (UK) Limited

Strategic Report for the year ended 30 September 2017

The directors present the strategic report for the year ended 30 September 2017.

Business review, future developments and key performance indicators (KPI's)

Overview

FY 2017 was a year of continued profitability for the company albeit with a slight reduction in booking numbers and margin. Brokerage operations continued to deliver reliable income and the company increased investment in peer-to-peer rental operations. In addition the company invested in the development of a peer-to-peer ridesharing service. Overall the business continues to offer broad global coverage for standard car rental with a strong brand position within key target markets and growth options with new business lines.

Key performance indicators (KPI's)

Turnover and profitability

The financial year to September 2017 saw a profit before tax of £1,389k compared to a profit of £1,038k in the year to September 2016. Total transaction value of 2017 was £18.3m compared to last year of £18.6m.

Principal risks and uncertainties

Competition

Car rental, especially on the internet (the main market for Lowcost Vehicle Rental (UK) Limited), is very price sensitive with the majority of customers shopping around for the best price before purchasing and a number of companies competing for the same customers. Lowcost Vehicle Rental (UK) Limited, because of its leverage of market leading systems through its whitelabel arrangement and strong brand visibility, believes it is more than able to remain competitive.

Market position

'easyCar', the trading style of Lowcost Vehicle Rental (UK) Limited and the "easy" brand are well known in the UK and Europe. Brand recognition and customer base is strongest in the UK. Lowcost Vehicle Rental (UK) Limited will continue to establish its brand globally through internet marketing in which it has considerable expertise.

Relationship with suppliers

Lowcost Vehicle Rental (UK) Limited partners with a small number of other companies to provide vehicles for its customers. In order to reduce the reliance on a single supplier Lowcost Vehicle Rental (UK) Limited is in constant discussion with multiple potential partners and ensures that contractual arrangements are of limited duration.

New Business Models

The company has invested in development of a peer-to-peer rental model and a peer-to-peer car sharing service, both of which will require further capital investment before they become a net contributing part of the business. These new models will increase visibility of the easy brand within the target UK market and potentially in European markets as well.

Economic conditions

Following the Brexit decision, the economic outlook looks somewhat uncertain for the UK for the year in prospect while that in the Eurozone also appears somewhat mixed.

Lowcost Vehicle Rental (UK) Limited

Strategic Report (continued)
for the year ended 30 September 2017

Principal risks and uncertainties (continued)

Currency risk

The company is also exposed to translation foreign exchange risk. Exchange rate fluctuations may have a material impact on booking volumes, either positive or negative, depending on the direction of travel. As the company is relatively evenly split between UK and other source markets it is to be expected that this impact will be broadly neutral.

Shareholders' funds

As a result of the Board's strategy shareholders' deficit has gone down by £1,346K in FY 2017. The Directors therefore believe the company's position to be satisfactory.

The Board and management confidently look forward to a successful future for the benefit of all stakeholders.

This report was approved by the board and signed on its behalf.



Rogan Angelini-Hurl

Director

Date 15/2/18

Lowcost Vehicle Rental (UK) Limited

Report of the directors for the year ended 30 September 2017 (continued)

The directors present their report together with the audited financial statements for the year ended 30 September 2017

Results and dividends

The profit and loss account is set out on page 8 and shows the profit for the year.

Principal activity

The company's principal activity is that of the exploitation of the "easy" brand in the provision of renting of self drive vehicles.

Directors

The directors of the company during the year were:

R Angelini-Hurll
R A Laughton

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Lowcost Vehicle Rental (UK) Limited

Report of the directors
for the year ended 30 September 2017 (continued)

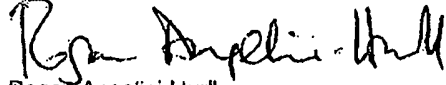
Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware..

BDQ LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

In preparing this directors' report advantage has been taken of the small companies exemptions.

This report was approved by the board and signed on its behalf..



Rogan Angelini-Hurll

Director

Date 15/2/18

Lowcost Vehicle Rental (UK) Limited

Independent auditor's report

TO THE MEMBERS OF LOWCOST VEHICLE RENTAL (UK) LIMITED

Opinion

We have audited the financial statements of Lowcost Vehicle Rental (UK) Limited ("the Company") for the year ended 30 September 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

Other information

The 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.

Lowcost Vehicle Rental (UK) Limited

Independent auditor's report (continued)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and] take advantage of the small companies' exemptions in preparing the directors' report.

Responsibilities of Directors

As explained more fully in the directors' report, 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 determines 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.

Lowcost Vehicle Rental (UK) Limited

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements

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.

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Marc Reinecke (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 15-2-2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Lowcost Vehicle Rental (UK) Limited

Statement of comprehensive income for the year ended 30 September 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Turnover	3		3,652		3,693
Administrative expenses			(2,265)		(2,667)
Operating profit	6		1,387		1,026
Interest receivable and similar income	7		2		12
Profit on ordinary activities before taxation			1,389		1,038
Deferred tax	8	-		170	
Tax refund receivable	8	18		12	
Taxation			18		182
Profit on ordinary activities after taxation			1,407		1,220
Other comprehensive income			-		-
Total comprehensive income for the year			1,407		1,220

The notes on pages 11 to 23 form part of these financial statements.

Lowcost Vehicle Rental (UK) Limited

Statement of financial position at 30 September 2017

Company number 03816836	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	9		-		-
Investments	10		-		-
Current assets					
Stock		29		12	
Debtors	11	611		627	
Cash at bank and in hand		861		2,033	
		1,501		2,672	
Creditors: amounts falling due within one year	12	(52,461)		(54,978)	
Net current assets			(50,960)		(52,306)
			(50,960)		(52,306)
Capital and reserves					
Called up share capital	15		10,379		10,379
Capital contribution	18		-		61
Profit and loss account	18		(61,339)		(62,746)
Shareholders' funds			(50,960)		(52,306)

The financial statements have been prepared in accordance with special provisions of the Companies Act 2006 relating to companies subject to the small companies regime and in accordance with Financial Reporting Standard 102 Section 1A - small entities.

The financial statements were approved by the Board of Directors and authorised for issue on 15/2/18


Rogan Angelini-Hurli
Director

The notes on pages 11 to 23 form part of these financial statements.

Lowcost Vehicle Rental (UK) Limited

Statement of changes in equity for the year ended 30 September 2017

	Ordinary share capital £'000	Capital contribution £'000	Retained earning £'000	Total equity £'000
<u>Year ended 30 September 2016</u>				
Balance at 1 October 2015	10,379	39	(63,966)	(53,548)
Profit for the year	-	-	1,220	1,220
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	-	1,220	1,220
	<hr/>	<hr/>	<hr/>	<hr/>
Total contribution by and distribution to owners				
Share option costs	-	22	-	22
	<hr/>	<hr/>	<hr/>	<hr/>
	-	22	-	22
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2016	10,379	61	(62,746)	(52,306)
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Year ended 30 September 2017</u>				
Profit for the year	-	-	1,407	1,407
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	-	1,407	1,407
	<hr/>	<hr/>	<hr/>	<hr/>
Total contribution by and distribution to owners				
Share option costs	-	(61)	-	(61)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	(61)	-	(61)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2017	10,379	-	(61,339)	(50,960)
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 23 form part of these financial statements.

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017

1 Accounting policies

Company information

Lowcost Vehicle Rental (UK) Limited is a company limited by shares incorporated in England and Wales. The registered office is Satilla House, 3rd Floor Rear, 109-111 Farringdon Road, London, EC1R 3BW. Company number is 03816836.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102 ('FRS 102'), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies (see note 2).

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

- o Section 7 'Statement of Cash Flows' – presentation of cash flow and related notes and disclosures;
- o Section 26 'Share-based Payment' – paragraphs 26.18 (b), 26.19 to 26.21 and 26.23;
- o Section 33 'Related Party Disclosures' – compensation for key management personnel.

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirements to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking and is included in the consolidated financial statements of the parent company, Lowcost Vehicle Rental Ltd, a company incorporated in England. The consolidated financial statements of Lowcost Vehicle Rental Ltd are available from its registered office.

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017

1 Accounting policies (continued)

The following principal accounting policies have been applied:

Going concern

The financial statements have been prepared on a going concern basis. The directors have prepared detailed forecasts and cash flow projections for at least 12 months from the date of approving the accounts. On the basis of the projected cash flow, the directors consider that the company has adequate resources available to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis.

Fixed assets

Tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation is provided to write off the cost less the estimated (or contracted) residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	- over a three year period
Furniture, equipment and fittings	- over a three to four year period

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Turnover

Turnover represents the net amounts (excluding value added tax and other sales taxes) derived from the provision of car rental service on an agency basis. Revenue related to car rental services is recognised at completion of the rental contract with the exception of revenue related to peer-to-peer rental which is recognised on the pick-up of the vehicle. Rental revenue is stated net of value added tax applied to the margin on the rental.

Foreign currency

Transactions denominated in a foreign currency are translated at the average rate prevailing during the month in which the transaction takes place. Monetary assets and liabilities, denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. All other exchange gains and losses are taken to the profit and loss account.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any provision for permanent impairment.

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 (continued)

1 Accounting policies (continued)

carClub stock

carClub stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Financial instrument

The company has elected to apply the provision of section 11 'Basic Financial Instrument' and section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instrument.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Share-based payments

Where share options or equity instruments are awarded to employees, the fair value of the options or equity instruments at the date of grant is charged to profit or loss over the vesting period, even if the legal form of the option instrument is agreed. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

The fair value of the share options are estimated using an appropriate option-pricing model.

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 (continued)

1 Accounting policies (continued)

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date. It is not the standard policy of the company to allow carry-over of unused holiday.

Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of the company's transition to the standard (1 October 2014) to continue to be charged over the period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 October 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Share options are granted to directors of the company. A charge is recognised in the statement of comprehensive income based in the year of grant, based on a number of estimates including the inputs used for the option valuation and estimated likelihood of conditions attached.

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 (continued)

3 Turnover

The company operates in one class of business, that of commissions receivable from the renting self drive vehicles.

4 Employees

	2017 £'000	2016 £'000
Staff costs consist of:		
Wages and salaries	595	946
Directors' Share option Scheme	(61)	22
Social security costs	64	113
	<u>598</u>	<u>1,081</u>

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

	Number	Number
Operational	<u>14</u>	<u>13</u>

5 Directors

	2017 £'000	2016 £'000
Directors' remuneration consist of:		
Directors' emoluments	<u>149</u>	<u>432</u>

The remuneration of the highest paid director was £139K (2016 - £351K).

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 *(continued)*

6	Operating profit	2017	2016
		£'000	£'000
	This has been arrived at after charging:		
	Auditors remuneration - fees payable to company's auditors for the audit of the company's annual accounts	31	26
	Depreciation	-	-
	Operating lease rentals - land and buildings	56	49
	Share based payment	(61)	22
		<hr/>	<hr/>
7	Interest receivable and similar income	2017	2016
		£'000	£'000
	Foreign exchange gain	2	12
		<hr/>	<hr/>

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 (continued)

8 Taxation on profit from ordinary activities

	2017 £'000	2016 £'000
<i>UK Corporation tax</i>		
Current tax on profits of the year	-	-
Adjustment in respect of previous periods - R&D tax credit	(18)	(12)
Total Current tax	(18)	(12)
<i>Deferred tax</i>		
Originated and reversal of timing	-	(170)
Taxation on profit on ordinary activities	(18)	(182)

The tax assessed for the year is lower than the profit for the year multiplied by the standard rate of UK corporation tax. The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	1,389	1,038
Profit for the year multiplied by the standard rate of UK corporation tax 19.5% (2016 - 20.00%)	271	208
Effects of:		
Expenses not deductible for tax purposes	(12)	9
Fixed asset differences	-	-
R&D tax credit receivable	(18)	(12)
Tax losses utilised	(259)	(387)
Total tax credit for year	(18)	(182)

A deferred tax asset of £170K has been recognised in respect of such losses due to the high probability of suitable future profit streams.

The company has cumulative trading losses of £47m (2016 - £48m) and unclaimed capital allowances of £3.8m (2016 - £3.8m). The deferred tax assets not provided amount to £7.8m (2016 - £8.1m)

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 *(continued)*

9 Tangible assets

	carClub motor vehicles £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>				
At 1 October 2016	2	2,009	6	2,017
At 30 September 2017	2	2,009	6	2,017
<i>Depreciation</i>				
At 1 October 2016	2	2,009	6	2,017
At 30 September 2017	2	2,009	6	2,017
<i>Net book value</i>				
At 30 September 2017	-	-	-	-
At 30 September 2016	-	-	-	-

10 Investments

At 30 September 2017, Lowcost Vehicle Rental (UK) Limited directly owned 100% of the ordinary share capital of the following subsidiary undertakings:

Name of company	Country of origin	Nature of business
<i>Owned indirectly</i> easyRentacar Internet, S L calle Ausiàs March, 87-89 1-C de Barcelona, Spain	Spain	Dormant

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 (continued)

11 Debtors; due within one year

	2017 £'000	2016 £'000
Trade debtors	20	12
Tax refund receivable	18	12
Deferred tax asset	170	170
Prepayments and accrued income	403	433
	<u>611</u>	<u>627</u>

12 Creditors; amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	183	172
Amount owed to parent company	51,915	53,965
Taxation and social security	233	236
Accruals and deferred income	130	605
	<u>52,461</u>	<u>54,978</u>

13 Financial instruments

The company's financial instruments may be analysed as follows:

	2017 £'000	2016 £'000
Financial assets measured at amortised cost	<u>1,268</u>	<u>2,450</u>
Financial liabilities measure at amortised cost	<u>52,228</u>	<u>54,742</u>

Financial assets measured at amortised cost comprise trade debtors, cash and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amount owed to parent company and accrued expenses.

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 (continued)

14 Deferred tax asset

	2017 £'000
At 1 October 2016	170
Movement in the year	-
	<hr/>
At 30 September 2017	170
	<hr/>

The deferred tax asset relates to tax losses.

A deferred tax asset has been recognised for the anticipated utilisation of tax losses in the next financial years, as the directors believe it is more likely than not that sufficient taxable profits will be generated but have less visibility over results of later periods.

15 Share capital

	£1 Ordinary shares £'000
10,378,761 shares - called up, allotted and fully paid	
At 30 September 2016	10,379
	<hr/>
At 30 September 2017	10,379
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16 Commitments under operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2017 £'000	Land and buildings 2016 £'000
Operating leases which expire:		
Within one year	34	34
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<hr/>	<hr/>
	34	34
	<hr/>	<hr/>

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2017 (continued)

17 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with Lowcost Vehicle Rentals Limited on the grounds that 100% of the voting rights in the company are controlled by Lowcost Vehicle Rental Limited.

Related party	Transaction	Total of transactions billed in 2017 Income £'000	Total of transactions billed in 2016 Income £'000	Balance at 30 September 2017 debtor £'000	Balance at 30 September 2016 debtor £'000
easyGroup IP Licensing Limited	Royalty payable	(138)	(133)	-	-
easyGroup IP Licensing Limited	Brand Licence	(10)	(14)	-	-
easyGroup IP Licensing Limited	Brand Protection Cost	(100)	(29)	-	(50)

easyGroup Holdings Limited and easyGroup IP Licensing Limited are fellow group companies.

18 Reserves

The company's capital and reserves are as follows:

Capital contribution

Capital contribution represents credits made in connection with the recognition of share based payments.

Profit and loss account

Profit and loss account represents comprehensive profits and losses less of dividend paid and other adjustments.

Share capital

Called up share capital represents the nominal value of the shares issued.

19 Share based payments

Certain directors and employees of this company have been issued share options to acquire shares or other equity instruments in the parent company (Lowcost Vehicle Rental Ltd) for their services to this company. The intention is to enable key individuals and investors to participate in the equity performance of the company and for the purposes of these accounts these are measured at fair value and recognised as an expense in the profit and loss accounts with a corresponding increase in equity. Some of these options have vesting conditions and they are generally exercisable within 5 years of vesting.

Share based payments charge reversed in the year was £61,167 (2016 charge - £22,354).

Lowcost Vehicle Rental (UK) Limited

**Notes forming part of the financial statements
for the year ended 30 September 2017 (continued)**

20 Ultimate controlling party

The company's immediate parent company is Lowcost Vehicle Rental Limited. Group financial statements in which the results of Lowcost Vehicle Rental (UK) Limited are consolidated and are available from its registered address at Satila House, 3rd Floor Rear, 109-111 Farringdon Road, London, WC1R 3BW.

The group's ultimate parent undertaking is easyGroup Holdings Limited which is the holding vehicle for the Stelios Trust, of which Sir Stelios Haji-Ioannou is currently the primary beneficiary and, as settlor of the Stelios Trust, Sir Stelios Haji-Ioannou retains a significant role in relation to the control structure.