

Lowcost Vehicle Rental (UK) Limited

Report and Financial Statements

Year Ended

30 September 2018

Company Number 03816836



Lowcost Vehicle Rental (UK) Limited

Report and financial statements for the year ended 30 September 2018

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Directors

R Angelini-Hurll
R A Laughton
Sir S Haji-Ioannou
Vikaskumar Kotecha

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

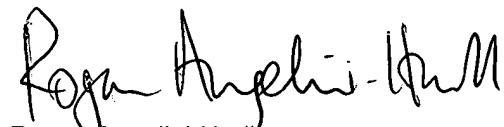
Statement of financial position at 30 September 2018

Company number 03816836	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible assets	4		-		-
Investments	5		-		-
Current assets					
Stock		16		29	
Debtors	6	505		611	
Cash at bank and in hand		1,572		861	
		2,093		1,501	
Creditors: amounts falling due within one year	7	(52,142)		(52,461)	
Net current assets			(50,049)		(50,960)
			(50,049)		(50,960)
Capital and reserves					
Called up share capital	10		10,379		10,379
Capital contribution	13		-		-
Profit and loss account	13		(60,428)		(61,339)
Shareholders' funds			(50,049)		(50,960)

The directors of the company have elected not to include a copy of the income statement within the financial statements.

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 21 December 2018



Rogan Angelini-Hurll
Director

The notes on pages 2 to 11 form part of these financial statements.

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements for the year ended 30 September 2018

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 Satila 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:

- Section 7 'Statement of Cash Flows' – presentation of cash flow and related notes and disclosures;
- Section 26 'Share-based Payment' - paragraphs 26.18 (b), 26.19 to 26.21 and 26.23;
- 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 Limited, a company incorporated in England. The consolidated financial statements of Lowcost Vehicle Rental Limited are available from its registered office.

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements for the year ended 30 September 2018

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 2018 (*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 2018 (*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 2018 (*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 2018 (*continued*)

3 Employees

	2018	2017
The average number of persons employed by the company (including directors) during the year, was as follows:	Number	Number
Operational	15	14

4 Tangible assets

	carClub motor vehicles £'000	Computer equipment £'000	Fixtures, fittings and Equipment £'000	Total £'000
<i>Cost</i>				
At 1 October 2017	2	2,009	6	2,017
At 30 September 2018	2	2,009	6	2,017
<i>Depreciation</i>				
At 1 October 2017	2	2,009	6	2,017
At 30 September 2018	2	2,009	6	2,017
<i>Net book value</i>				
At 30 September 2018	-	-	-	-
At 30 September 2017	-	-	-	-

5 Investments

At 30 September 2018, 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 2018 *(continued)*

6 Debtors: due within one year

	2018 £'000	2017 £'000
Trade debtors	10	20
Tax refund receivable	29	18
Deferred tax asset	170	170
Prepayments and accrued income	297	403
	<u>506</u>	<u>611</u>

7 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	145	183
Amount owed to parent company	51,716	51,915
Taxation and social security	160	233
Accruals and deferred income	121	130
	<u>52,142</u>	<u>52,461</u>

8 Financial instruments

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

	2018 £'000	2017 £'000
Financial assets measured at amortised cost	1,844	1,268
Financial liabilities measure at amortised cost	51,981	52,213

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 2018 (*continued*)

9 Deferred tax asset

	2018 £'000
At 1 October 2017	170
Movement in the year	-
	<hr/>
At 30 September 2018	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.

10 Share capital

	£1 Ordinary shares £'000
<i>10,378,761 shares - called up, allotted and fully paid</i>	
At 30 September 2017	10,379
	<hr/>
At 30 September 2018	10,379
	<hr/>

11 Commitments under operating leases

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

	Land and buildings 2018 £'000	Land and buildings 2017 £'000
Operating leases which expire:		
Within one year	19	34
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<hr/>	<hr/>
	19	34
	<hr/>	<hr/>

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2018 (continued)

12 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 2018 income £'000	Total of transactions billed in 2017 income £'000	Balance at 30 September 2018 debtor £'000	Balance at 30 September 2017 debtor £'000
easyGroup Limited	Royalty payable	(146)	(138)	-	-
easyGroup Limited	Brand Licence	-	(10)	-	-
easyGroup Limited	Brand Protection Cost	(63)	(100)	-	-

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

13 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.

14 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 £Nil (2017 charge - £61,167).

15 Auditor's information

The auditors' report on the financial statements for the year ended 30 September 2018 was unqualified. The audit report was signed on 21 December 2018 by Marc Reinecke (Senior Statutory Auditor) on behalf of BDO LLP.

Lowcost Vehicle Rental (UK) Limited

Notes forming part of the financial statements
for the year ended 30 September 2018 (*continued*)

16 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-loannou is currently the primary beneficiary and, as settlor of the Stelios Trust, Sir Stelios Haji-loannou retains a significant role in relation to the control structure.

17 Subsequent event

Subsequent to the end of the financial year the company embarked on a detailed review of the peer to peer operations and their strategic fit which resulted in the sale of this line.