

## Lowcost Vehicle Rental Limited

Report and Financial Statements

Year Ended

30 September 2019

Company Number 03907297



SH / 16 Dec 2019

# Lowcost Vehicle Rental Limited

Report and financial statements  
for the year ended 30 September 2019

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## Directors

R Angelini-Hurll  
Sir S Haji-loannou

## Registered office

10 Ansdell Street, London, W8 5BN.

## Company number

03907297

## Auditors

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



# Lowcost Vehicle Rental Limited

## Strategic Report for the year ended 30 September 2019

The directors present the strategic report for the year ended 30 September 2019.

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

#### **Overview**

FY. 2019 was a year of continued profitability for the company albeit with a reduction in booking numbers and margin. Brokerage operations continued to deliver income with the new supplier of whitelabel back-end services for this business line. The company ceased operating its peer-to-peer car sharing platform during the year. 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 2019 saw a profit before tax of £768k compared to a profit of £900k in the year to September 2018. Total transaction value of 2019 was £12.1m compared to last year of £15.8m.

#### **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 name 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.

##### *Relationship with suppliers*

Lowcost Vehicle Rental (UK) Limited partners with one company 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 previously invested in development of a peer-to-peer rental model. Subsequent to the end of the last financial year the company embarked on a detailed review of these operations and their strategic fit which resulted in the cessation of this line. The company does not currently intend to make material investments in other new business models.

##### *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 Limited

## Strategic Report for the year ended 30 September 2019 (*continued*)

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### Principal risks and uncertainties (*continued*)

#### *Currency risk*

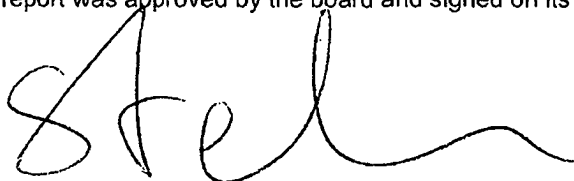
The company is also exposed to translation foreign exchange risk. Exchange rate fluctuations may have a material impact on booking volumes, either positive or negative, depending on the direction of travel. As the company is relatively evenly split between UK and other source markets it is to be expected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

#### *Shareholders' funds*

The directors paid a dividend of £1m in the financial year to distribute surplus cash which contributed to the decrease in shareholders fund from £1,667K to £1,477K. The Directors 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.



Sir Stelios Haji-Ioannou

Director

Date

16 Dec 19

# Lowcost Vehicle Rental Limited

## Directors' report for the year ended 30 September 2019 (*continued*)

The directors present their report together with the audited financial statements for the year ended 30 September 2019

### Results and dividends

The consolidated statement of comprehensive income is set out on page 8 and shows the profit for the year.

The directors paid an interim dividend of £1m (2018 - £200K) and proposed a final dividend of £780K in this financial year 2019. Final dividend of £780K was paid in November 2019.

### 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 (resigned 22 January 2019)  
Sir S Haji-loannou  
Vikaskumar Kotecha (resigned 25 January 2019)

### 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 group'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.

BDO 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.

  
Sir Stelios Haji-loannou

Director

Date

16 Dec 19

# Lowcost Vehicle Rental Limited

## Directors' report for the year ended 30 September 2019 (*continued*)

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### Directors' responsibilities

The directors are responsible for preparing the strategic report and 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 group and company 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 group and company and of the profit or loss of the group 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 Limited

## Independent auditor's report

### TO MEMBERS OF LOWCOST VEHICLE RENTAL LIMITED

#### Opinion

We have audited the financial statements of Lowcost Vehicle Rental Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows, and the 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 Group's and of the Parent Company's affairs as at 30 September 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Group and the Parent 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 Group or Parent 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.



# Lowcost Vehicle Rental Limited

## Independent auditor's report (continued)

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### Other information

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

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

We have nothing to report in 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.





# Lowcost Vehicle Rental Limited

## Independent auditor's report (continued)

### Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Marc Reinecke (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

12 December 2019

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

# Lowcost Vehicle Rental Limited

## Consolidated statement of comprehensive income for the year ended 30 September 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Turnover	3		2,007		3,146
Administrative expenses			(1,241)		(2,246)
<b>Operating profit</b>	6		766		900
Interest receivable and similar income	7		2		-
<b>Profit on ordinary activities before taxation</b>			768		900
Deferred tax	8	-		-	
Tax refund receivable	8	42		11	
<b>Taxation</b>			42		11
<b>Profit on ordinary activities after taxation</b>			810		911
<b>Other comprehensive income</b>			-		-
<b>Total comprehensive income for the year</b>			810		911

The notes on pages 13 to 24 form part of these financial statements.

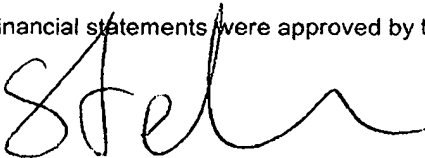
# Lowcost Vehicle Rental Limited

## Consolidated statement of financial position at 30 September 2019

<i>Company number 03907297</i>	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Fixed assets</b>					
Tangible assets	9		-		-
<b>Current assets</b>					
Stock		-		16	
Debtors	11	367		506	
Cash at bank and in hand		1,239		1,572	
		<u>1,606</u>		<u>2,094</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(129)</u>		<u>(427)</u>	
<b>Net current assets</b>			<u>1,477</u>		<u>1,667</u>
			<u>1,477</u>		<u>1,667</u>
<b>Capital and reserves</b>					
Called up share capital	16		698		698
Share premium	19		1		1
Profit and loss account	19		778		968
<b>Shareholders' funds</b>			<u>1,477</u>		<u>1,667</u>

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

  
Sir Stelios Haji-Ioannou  
Director

16 Dec 19

The notes on pages 13 to 24 form part of these financial statements.

# Lowcost Vehicle Rental Limited

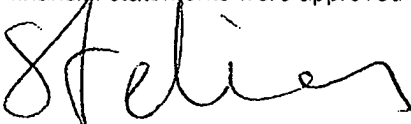
## Company statement of financial position at 30 September 2019

Company number 03907297	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Fixed assets</b>					
Investments	10		-		-
<b>Current assets</b>					
Debtors	11	700		700	
		<u>700</u>		<u>700</u>	
<b>Creditors: amounts falling due within one year</b>	12	-		-	
		<u>-</u>		<u>-</u>	
<b>Net current assets</b>			700		700
			<u>700</u>		<u>700</u>
<b>Capital and reserves</b>					
Called up share capital	16		698		698
Share premium	19		1		1
Profit and loss account	19		1		1
			<u>700</u>		<u>700</u>
<b>Shareholders' funds</b>			<u>700</u>		<u>700</u>

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 Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £1,000,000 (2018 - £200,000).

The financial statements were approved by the Board of Directors and authorised for issue on

  
Sir Stelios Haji-Ioannou  
Director

16 Dec 19

The notes on pages 13 to 24 form part of these financial statements.

# Lowcost Vehicle Rental Limited

## Statements of changes in equity for the year ended 30 September 2019

### Group statement of changes in equity Year ended 30 September 2019

	Ordinary share capital £'000	Share Premium £'000	Profit and loss reserve £'000	Total Equity £'000
Balance at 1 October 2017	698	1	256	955
Profit for the year	-	-	911	911
Total comprehensive income	-	-	911	911
Total contribution by and distribution to owners				
Dividends paid	-	-	(200)	(200)
	-	-	(200)	(200)
At 30 September 2018	698	1	967	1667
Profit for the year	-	-	810	810
Total comprehensive income	-	-	810	810
Total contribution by and distribution to owners				
Dividends paid	-	-	(1,000)	(1,000)
	-	-	(1,000)	(1,000)
At 30 September 2019	698	1	778	1,477

### Company statement of changes in equity Year ended 30 September 2019

	Ordinary share capital £'000	Share Premium £'000	Profit and loss reserve £'000	Total Equity £'000
Balance at 1 October 2017	698	1	1	700
Profit for the year	-	-	200	200
Total comprehensive income	-	-	200	200
Total contribution by and distribution to owners				
Dividends paid	-	-	(200)	(200)
	-	-	-	-
At 30 September 2018	698	1	1	700
Profit for the year	-	-	1,000	1,000
Total comprehensive income	-	-	1,000	1,000
Total contribution by and distribution to owners				
Dividends paid	-	-	(1,000)	(1,000)
	-	-	(1,000)	(1,000)
At 30 September 2019	698	1	1	700

# Lowcost Vehicle Rental Limited

## Consolidated cash flow statement for the year ended 30 September 2019

	Note	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
<b>Profit for the financial year</b>		<b>810</b>	<b>911</b>
Adjustments for:			
Depreciation and disposal of fixed assets	9	-	-
Decrease in trade and other debtors	11	139	105
Decrease in trade and other creditors	12	(298)	(119)
Decrease in stock		16	14
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		<b>667</b>	<b>911</b>
		<hr/>	<hr/>
<b>Cash flow from financing activities</b>			
Equity dividends paid	14	(1,000)	(200)
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		<b>(1,000)</b>	<b>(200)</b>
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalent</b>		<b>(333)</b>	<b>711</b>
<b>Opening net cash</b>		<b>1,572</b>	<b>861</b>
		<hr/>	<hr/>
<b>Net cash at bank at the end of year</b>		<b>1,239</b>	<b>1,572</b>
		<hr/>	<hr/>

The notes on pages 13 to 24 form part of these financial statements.

# Lowcost Vehicle Rental Limited

## Notes forming part of the financial statements for the year ended 30 September 2019

### 1 Accounting policies

#### *Company information*

Lowcost Vehicle Rental Limited is a company limited by shares incorporated in England and Wales. The registered office is 10 Ansdell Street, London, W8 5BN. Company number is 03907297.

#### *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, 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 Group management to exercise judgement in applying the Group's accounting policies (see note 2).

#### *Parent company disclosure exemptions*

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure as been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

#### *Basis of consolidation*

The consolidated financial statements present the results of Lowcost Vehicle Rental Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 October 2014.

The results of the subsidiaries acquired during the year are included in the consolidated profit and loss accounts from the date of their acquisition. The purchase consideration is allocated to assets and liabilities on the basis of fair value at the date of acquisition.

# Lowcost Vehicle Rental Limited

## Notes forming part of the financial statements for the year ended 30 September 2019

### 1 Accounting policies (*continued*)

#### *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 group can control their reversal and such reversal is not considered probable in the foreseeable future.



# Lowcost Vehicle Rental Limited

Notes forming part of the financial statements  
for the year ended 30 September 2019 (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 on the pick-up of the vehicle. Rental revenue is stated net of value added tax applied to the margin on the rental.

### *Cash and liquid resources*

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

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

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the group entity'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 Limited

## Notes forming part of the financial statements for the year ended 30 September 2019 (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 group 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.

#### *Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

#### *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.

# Lowcost Vehicle Rental Limited

Notes forming part of the financial statements  
for the year ended 30 September 2019 *(continued)*

## 1 Accounting policies *(continued)*

### *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 group 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 group'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.

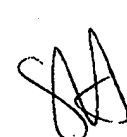
## 2 Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the group 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.
- Determine whether there are indicators of impairment of the group's investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the activities relating to those assets.

## 3 Turnover

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



# Lowcost Vehicle Rental Limited

Notes forming part of the financial statements  
for the year ended 30 September 2019 (continued)

## 4 Employees

	2019 £'000	2018 £'000
Staff costs consist of:		
Wages and salaries	313	594
Social security costs	30	68
	<u>343</u>	<u>662</u>
The average number of persons employed by the company (including directors) during the year, was as follows:	Number	Number
Operational	<u>6</u>	<u>15</u>

## 5 Directors

	2019 £'000	2018 £'000
Directors' remuneration consist of:		
Directors' emoluments	<u>95</u>	<u>150</u>

The remuneration of the highest paid director was £85K (2018 - £140K). Directors' emoluments includes Directors' compensation for loss of office of £39k (2018 - £nil).

## 6 Operating profit

	2019 £'000	2018 £'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	19	18
Operating lease rentals - land and buildings	<u>19</u>	<u>59</u>

## 7 Interest receivable and similar income

	2019 £'000	2018 £'000
Foreign exchange gain	<u>2</u>	<u>-</u>

# Lowcost Vehicle Rental Limited

Notes forming part of the financial statements  
for the year ended 30 September 2019 (continued)

## 8 Taxation on profit from ordinary activities

	2019 £'000	2018 £'000
<i>UK Corporation tax</i>		
Current tax on profits of the year	-	-
Adjustment in respect of previous periods - R&D tax credit	(42)	(11)
Total Current tax	(42)	(11)
<i>Deferred tax</i>		
Originated and reversal of timing	-	-
Taxation on profit on ordinary activities	(42)	(11)

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:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	769	900
Profit for the year multiplied by the standard rate of UK corporation tax 19.0% (2018 - 19.0%)	146	171
Effects of:		
Expenses not deductible for tax purposes	-	-
Fixed asset differences	-	-
R&D tax credit receivable	(42)	(11)
Tax losses utilised	(146)	(171)
Total tax credit for year	(42)	(11)

A deferred tax asset of £170K (2018 - £170K) has been recognised in respect of such losses due to the high probability of suitable future profit streams.

The group has cumulative trading losses of £45m (2018 - £46m) and unclaimed capital allowances of £3.8m (2018 - £3.8m). The deferred tax assets not provided on trading losses amount to £7.5m (2018 - £7.7m).

# Lowcost Vehicle Rental Limited

Notes forming part of the financial statements  
for the year ended 30 September 2019 (*continued*)

## 9 Tangible assets

	carClub motor vehicles £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>				
At 1 October 2018	2	2,009	6	2,017
Disposals	(2)	(1,979)	-	(1,981)
At 30 September 2019	-	30	6	36
<i>Depreciation</i>				
At 1 October 2018	2	2,009	6	2,017
Disposals	(2)	(1,979)	-	(1,981)
At 30 September 2019	-	30	6	36
<i>Net book value</i>				
At 30 September 2019	-	-	-	-
At 30 September 2018	-	-	-	-

## 10 Investment

	£'000
<i>Cost</i>	
At 1 October 2018	10,379
Reduction	-
At 30 September 2019	10,379
<i>Provision</i>	
At 1 October 2018 and 30 September 2019	(10,379)
<i>Net book value</i>	
At 30 September 2019	-
At 30 September 2018	-

The investments represent 100% of the ordinary share capital of Lowcost Vehicle Rental (UK) Limited and share based payment reserve.

# Lowcost Vehicle Rental Limited

Notes forming part of the financial statements  
for the year ended 30 September 2019 (continued)

## 10 Investments (continued)

At 30 September 2019, Lowcost Vehicle Rental Limited owned (directly or indirectly) 100% of the ordinary share capital of the following subsidiary undertakings:

Name of company	Address	Country of origin	Nature of business
<i>Owned directly</i>			
Lowcost Vehicle Rental (UK) Limited	10 Ansdell Street, London, W8 5BN	UK	Renting of self drive cars
<i>Owned indirectly</i>			
easyRentacar Internet, S L	calle Ausiàs March, 87-89 1-C de Barcelona, Spain	Spain	Dormant

## 11 Debtors: due within one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade debtors	-	10	-	-
Amounts owed by subsidiary undertaking	-	-	700	700
Tax refund receivable	48	29	-	-
Taxation and social security	16	-	-	-
Deferred tax asset	170	170	-	-
Prepayments and accrued income	133	297	-	-
	<u>367</u>	<u>506</u>	<u>700</u>	<u>700</u>

## 12 Creditors: amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade creditors	31	143	-	-
Taxation and social security	6	160	-	-
Accruals and deferred income	90	122	-	-
Amounts owed to related parties	2	2	-	-
	<u>129</u>	<u>427</u>	<u>-</u>	<u>-</u>

# Lowcost Vehicle Rental Limited

Notes forming part of the financial statements  
for the year ended 30 September 2019 (continued)

## 13 Financial instruments

	Group 2019 £'000	Group 2018 £'000
Financial assets measured at amortised cost	1,370	1,844
Financial liabilities measure at amortised cost	123	266

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

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to related parties and accrued expenses.

## 14 Dividends

	2019 £'000	2018 £'000
Ordinary shares Paid interim dividend during the year 0.000014p (per share) (2018 - 0.000003p per share)	1,000	200
Ordinary shares Final dividend proposed for the year (0.000011p per share) (2018 - Nil per share)	780	-

## 15 Deferred tax asset

	Group 2019 £'000	Company 2019 £'000
At 1 October 2018	170	170
Movement in the year	-	-
At 30 September 2019	170	170

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.



# Lowcost Vehicle Rental Limited

Notes forming part of the financial statements  
for the year ended 30 September 2019 (continued)

## 16 Share capital

	0.001p ordinary shares £	0.00000001p 'A' and 'B' Growth Shares £	Total £
<i>Called up, allotted and fully paid</i>			
At 30 September 2018	698,429	119	698,548
At 30 September 2019	698,429	119	698,429

## 17 Commitments under operating leases

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

	Land and buildings 2019 £'000	Land and buildings 2018 £'000
Within one year	-	19
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	-	19

## 18 Related party transactions

The group and company have taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with entities that are 100% controlled by Lowcost Vehicle Rental Limited.

Related party	Transaction	Total of income/ (expense) 2019 £'000	Total of income/ (expense) 2018 £'000	Receivable/ (payable) balance 2019 £'000	Receivable/ (payable) balance 2018 £'000
easyGroup Limited	Royalty payable	(154)	(146)	-	-
easyGroup Limited	Brand Protection Cost	(50)	(63)	(50)	-
easyGroup Limited	Other	-	-	(2)	(2)

easyGroup Limited are fellow group companies.

# Lowcost Vehicle Rental Limited

Notes forming part of the financial statements  
for the year ended 30 September 2019 (*continued*)

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## Key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Compensation includes all employee benefits (as defined in Section 28 Employee Benefits) including those in the form of share-based payments (see Section 26 Share-based Payment). Employee benefits include all forms of consideration paid, payable or provided by the entity, or on behalf of the entity (eg by its parent or by a shareholder), in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of goods or services provided to the entity. Lowcost Vehicle Rental Limited paid/payable £95 K in FY 2019 (FY2018 £150K) to the key management.

## 19 Reserves

The company's capital and reserves are as follows:

### Share premium

Share premium represents the consideration for, or value of shares issued in excess of the nominal values of such shares.

### 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.

## 20 Ultimate controlling party

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.