

Lowcost Vehicle Rental Limited

Report and Financial Statements

Year Ended

30 September 2018

Company Number 03907297



Lowcost Vehicle Rental 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

03907297

Auditors

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

Lowcost Vehicle Rental Limited

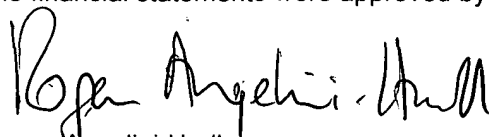
Consolidated statement of financial position at 30 September 2018

<i>Company number 03907297</i>	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible assets	5		-		-
Current assets					
Stock		16		29	
Debtors	7	506		611	
Cash at bank and in hand		1,572		861	
		<u>2,094</u>		<u>1,501</u>	
Creditors: amounts falling due within one year	8	<u>(427)</u>		<u>(546)</u>	
Net current assets			<u>1,667</u>		<u>955</u>
			<u>1,667</u>		<u>955</u>
Capital and reserves					
Other reserve	16		-		-
Called up share capital	12		698		698
Share premium	26		1		1
Profit and loss account	26		968		256
Shareholders' funds			<u>1,667</u>		<u>955</u>

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-Hurli
Director

The notes on pages 3 to 14 form part of these financial statements.

Lowcost Vehicle Rental Limited

Company statement of financial position at 30 September 2018

<i>Company number 03907297</i>	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Investments	10		-		-
Current assets					
Debtors	11	700		700	
		<u>700</u>		<u>700</u>	
Creditors: amounts falling due within one year	12	-		-	
		<u>-</u>		<u>-</u>	
Net current assets			700		700
			<u>700</u>		<u>700</u>
Capital and reserves					
Called up share capital	16		698		698
Share premium	20		1		1
Profit and loss account	20		1		1
			<u>700</u>		<u>700</u>
Shareholders' funds			700		700
			<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 financial statements were approved by the Board of Directors and authorised for issue on 21 December 2018



Rogan Angelini-Hurl
Director

The notes on pages 3 to 14 form part of these financial statements.

Lowcost Vehicle Rental Limited

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

1 Accounting policies

Company information

Lowcost Vehicle Rental 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 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 2018

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 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.

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 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 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.

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 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 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.
- Share options are granted to directors of the group. 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 Limited

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

3 Turnover

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

4 Employees

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

	2018	2017
	Number	Number
Operational	15	14

5 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	-	-	-	-

Lowcost Vehicle Rental Limited

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

6	Investment	£'000
	<i>Cost</i>	
	At 1 October 2017	10,379
	Reduction	-
		<hr/>
	At 30 September 2018	10,379
		<hr/>
	<i>Provision</i>	
	At 1 October 2017 and 30 September 2018	(10,379)
		<hr/>
	<i>Net book value</i>	
	At 30 September 2018	-
		<hr/>
	At 30 September 2017	-
		<hr/>

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

At 30 September 2018, Lowcost Vehicle Rental Limited owned (directly or indirectly) 100% of the ordinary share capital of the following subsidiary undertakings:

Name of company	Country of origin	Nature of business
<i>Owned directly</i>		
Lowcost Vehicle Rental (UK) Limited 3rd Floor Rear, 109-111 Farringdon Road London EC1R 3BW	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

Lowcost Vehicle Rental Limited

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

7 Debtors: due within one year

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Trade debtors	10	20	-	-
Amounts owed by subsidiary undertaking	-	-	700	700
Tax refund receivable	29	18	-	-
Deferred tax asset	170	170	-	-
Prepayments and accrued income	297	403	-	-
	<u>506</u>	<u>611</u>	<u>700</u>	<u>700</u>

8 Creditors: amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Trade creditors	145	183	-	-
Taxation and social security	160	233	-	-
Accruals and deferred income	122	130	-	-
	<u>427</u>	<u>546</u>	<u>-</u>	<u>-</u>

9 Financial instruments

	Group 2018 £'000	Group 2017 £'000
Financial assets measured at amortised cost	1,844	1,268
Financial liabilities measure at amortised cost	266	313

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

Financial liabilities measured at amortised cost comprise trade creditors and accrued expenses.

Lowcost Vehicle Rental Limited

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

10 Dividends

	2018 £'000	2017 £'000
Ordinary shares		
Paid interim dividend during the year 0.000003p (per share) (2017 - 0.000015p per share)	200	1,000
Ordinary shares		
Final dividend proposed for the year (Nil) (2017 - Nil per share)	-	-

11 Deferred tax asset

	Group 2018 £'000	Company 2018 £'000
At 1 October 2017	170	170
Movement in the year	-	-
At 30 September 2018	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.

12 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 2017	698,429	119	698,548
At 30 September 2018	698,429	119	698,548

Lowcost Vehicle Rental Limited

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

13 Share based payments

Share options are granted to directors and selected employees of the group. The options can be exercised from the beginning of the exercise period until five years after the award.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price 2018 £	Number of options 2018 '000	Weighted average exercise price 2017 £	Number of options 2017 '000
At 1 October	-	-	0.0000108	55,212,163
Granted in the year	-	-	-	-
Sub total	-	-	0.0000108	55,212,163
Forfeited	-	-	0.0000108	(55,212,163)
At 30 September	-	-	-	-

All previously granted share options were forfeited during the financial year 2017. At 30 September 2018 options over Lowcost Vehicle Rental Limited 0.001p ordinary shares were outstanding as follows:

Option scheme	Exercise period from	Exercise price	Number of shares '000
Lowcost Vehicle Ltd share option scheme	December 2015	£0.0000108 per share	20,077,150
Lowcost Vehicle Ltd share option scheme	December 2017	£0.0000108 per share	25,096,437
Lowcost Vehicle Ltd share option scheme	December 2017	£0.0000108 per share	10,038,575
Lowcost Vehicle Ltd share option scheme	December 2018	- per share	-

The fair values of share options granted was measured using the Black-Scholes model which was considered to be appropriate for the type of options granted.

Lowcost Vehicle Rental Limited

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

14 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 2018 £'000	Land and buildings 2017 £'000
Within one year	19	34
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	19	34

15 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 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 Limited are fellow group companies.

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 £150K in FY 2018 (FY2017 £149K) to the key management.

Lowcost Vehicle Rental Limited

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

16 Reserves

The company's capital and reserves are as follows:

Share based payments reserve

Share based payments reserve represents credits made in connection with the recognition of share based payments prior to shares are issued.

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.

17 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.

18 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-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.

19 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.