

# **Streetcar Limited**

## **Report and Financial Statements**

31 December 2009

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COMPANIES HOUSE

# Streetcar Limited

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Registered No 4525217

## **Directors**

A Valentine  
B Akker  
Sir T Chinn  
C A Ameln  
M Walker  
J Hewett  
R Toms

## **Secretary**

S P Healey

## **Auditors**

Baker Tilly UK Audit LLP  
Exchange House  
446 Midsummer Boulevard  
Central Milton Keynes  
MK9 2EA

## **Registered Office**

Melbury House  
51 Wimbledon Hill Road  
Wimbledon  
London SW19 7QW

## Directors' report

The directors present their report with the audited financial statements of the company for the year ended 31 December 2009

### Principal activity

Streetcar's principal activity during the year was car and van rental. Bookings can be made online 24 hours a day, seven days a week by registered customers ("members") who are billed daily for the amount they have used the cars, which can be used for anything from one hour to months at a time.

### Results and dividends

The result before taxation for the year was a profit of £1,285,000 (2008: £3,529,000 loss).

No dividends will be paid for the year ended 31 December 2009 (2008: £nil).

### Review of business

2009 was a year of strong growth in a difficult trading environment. Turnover grew by 57% to £16.4 million and total membership by 65% to nearly 75,000 by year end. By the end of 2009, Streetcar's members had available to them a fleet of over 1,300 cars and vans which could be collected from over 1,000 locations spread across 8 UK towns and cities.

The economic downturn has affected the company in two ways.

Firstly, as people review their household bills, they are recognising that there are savings to be made from selling their car and joining Streetcar – this is helping member acquisition. Secondly, for the same reason, some of the most common uses for Streetcar's service have diminished, such as a weekend away in the country or DIY activities – this is reducing usage revenue.

Despite these adverse conditions, Streetcar recorded its maiden full-year profit. 2009's profit before tax was £1.3 million following a loss of £3.5 million in 2008. This improvement in profitability was the result of scale and improved gross margins.

In 2009 Streetcar invested £3.7 million in growth in the form of marketing and overhead costs relating to finding and developing new locations, however profitability was achieved because gross margin grew by 82% to £8.0 million. Other overheads associated with maintaining the "steady-state" business were £3.7 million.

This compares to 2008 where gross margin was £4.4 million and £2.4 million was invested in growth, with a further £2.4 million of overheads associated with maintaining the "steady-state" business.

Streetcar has a strong position within the car club space and enjoyed rapid growth despite the overall car rental market being relatively static or down. With car clubs still representing much less than 5% of the UK car rental market, there seems to be ample scope to continue this growth track through taking share from the majors and expanding usage occasions for car rental. With this in mind, Streetcar introduced free fuel for longer trips in July 2009.

The growth in locations has largely come from our strong relationships with local authorities who provide subsidised on-street parking facilities. Streetcar is now the sole on-street operator in 13 London Boroughs and operates alongside other service providers in a further 7 boroughs.

Towards the end of 2009 it was agreed to broaden the range of cars available to members to include BMW as well as Volkswagen. This change will take effect from February 2010. Not only will this give members greater choice and flexibility, but it is also expected to reduce our car holding costs.

2009 saw a very strong recovery in the used car market from the lows experienced at the end of 2008. This was reflected in a profit on disposal for those vehicles sold during the year. Despite some extremely challenging conditions in the banking sector, a further £9 million of asset finance facilities were agreed in the course of 2009, taking the total available to just under £24 million.

The efficiency of Streetcar's marketing continues to improve: the average marketing spend per new member fell by 14% from £41.44 in 2008 to £35.65 in 2009.

## Directors' report

The efficiency of Streetcar's marketing continues to improve the average marketing spend per new member fell by 14% from £41.44 in 2008 to £35.65 in 2009

Streetvan, the sub-brand which provides vans following the same model as Streetcar had a good year with total membership growing to over 9,000 and revenues growing by 157% from £0.7 million to £1.8 million

Streetcar's service for corporate clients (Streetcar for Business) has seen the fastest growth of any part of Streetcar, with 2009 revenues growing by over 250% compared to 2008. At the end of 2009, it made up over 10% of Streetcar's revenue from vehicle usage. Over 2,000 businesses now use the Streetcar product, ranging from small owner managed businesses to multinational companies, with particular concentrations among organisations in the public sector, media, construction and retail industries

The balance sheet position has improved in 2009 as a result of profitable trading and the recognition of a deferred tax asset. At end-2008, the balance sheet showed a deficit of £4.2 million. By end-2009, this deficit has reduced to £1.1 million, and is expected to move to a positive position in the course of 2010

The results for the year and financial position of the company are as shown in the annexed financial statements

The company's key performance indicators are as detailed in this review

Looking to the future, the market potential for this service in the UK is a significant multiple of Streetcar's current size and interesting opportunities also exist outside the UK. The business has now achieved an operational scale which means there are low marginal costs from incremental growth in the membership, and furthermore the cost of acquiring new members continues to fall as marketing experience increases and word-of-mouth spreads awareness. 2010 presents a good opportunity for Streetcar to continue its strong growth in both scale and profitability

### Future developments and key risks

The business is expected to continue to grow significantly in 2010. Whilst this growth will continue to present some risks for the business, the directors believe that the business has sufficient funding to finance this planned growth, and they expect the business to continue to generate profits and cash throughout 2010 and beyond. The key risks to the business are associated with the impact of economic conditions on our ability to generate revenue and recruit new members, and the careful management of cash flow

The company is also exposed to movements in the used car market. Cars purchased in 2009 were all under a guaranteed buy-back arrangement from the manufacturer, and are all being depreciated down to this minimum residual price. Purchases from BMW in 2010 will not be subject to any buy-back arrangement. Based on a thorough analysis of BMW residuals in recent years, including the recent economic downturn, we expect the arrangement with BMW to result in lower holding costs than any available buy-back arrangement

### Financial instruments

The company's policy is not to trade in complex financial instruments. Surplus cash is placed in short term treasury deposits. Vehicles are funded using Hire Purchase agreements with major banks with fixed or floating rates of interest. The company does not face significant foreign exchange exposure

Details of the loan from Smedvig Capital and related warrant instrument are disclosed in notes 15 and 17

### Research and development

The company continues to invest in the development of its IT infrastructure to provide the best possible service for its members, and also to provide reliable management information. During 2009 the company introduced a new telephone call routing and answering systems which have significantly reduced waiting times for our members. We have also launched an iPhone Application and mobile website to allow our members to make bookings remotely without needing to call

### Political and charitable donations

No political or charitable donations were made during the year

## Directors' report

### Directors

The directors during the year under review were

A Valentine  
B Akker  
Sir T Chinn (Chairman)  
C A Ameln  
M Walker  
J Hewett  
R Toms

### Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

Baker Tilly UK Audit LLP were appointed as auditors during the year. A resolution to reappoint Baker Tilly UK Audit LLP as auditors will be put to a future board meeting.

By order of the board



S P Healey  
Secretary

5 February 2010

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- 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 proper 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditors' report**

## **to the members of Streetcar Limited**

We have audited the financial statements on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Independent auditors' report

to the members of Streetcar Limited

## Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Baker Tilly UK Audit LLP*

Jeremy Read

Senior Statutory Auditor

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Exchange House

446 Midsummer Boulevard

Central Milton Keynes

MK9 2EA

*8 February 2010*



## Profit and loss account

for the year ended 31 December 2009

	Notes	2009 £000	2008 £000
<b>Turnover</b>	3	16,448	10 459
Cost of sales		(8,483)	(6,077)
<b>Gross profit</b>		7,965	4,382
Administrative expenses – before exceptional items		(7,219)	(4,793)
<b>Operating profit / (loss) before exceptional items</b>		746	(411)
Exceptional Profit/ loss on disposal of vehicles		718	(399)
Exceptional impairment charge	4	-	(2,691)
<b>Operating profit / (loss) after exceptional items</b>	4	1,464	(3,501)
Interest receivable	7	-	10
Interest payable	8	(179)	(38)
<b>Profit / (loss) before taxation</b>		1,285	(3,529)
Current tax	9	(12)	(13)
Deferred tax credit	9	1,736	-
<b>Profit / (loss) for the year</b>	18	3,009	(3,542)

The results above all arise from continuing operations

## Statement of total recognised gains and losses

for the year ended 31 December 2009

	2009 £000	2008 £000
<b>Profit / (loss) for the year</b>	3,009	(3,542)
<b>Total recognised gains and losses</b>	3,009	(3,542)

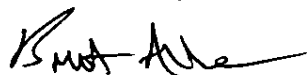
**Balance sheet**

at 31 December 2009

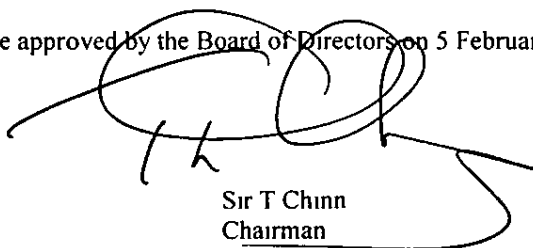
Company registration no 4525217

	Notes	2009 £000	2008 £000
<b>Fixed assets</b>			
Tangible assets	10	14,033	8,828
Investments	11	-	-
		<u>14,033</u>	<u>8,828</u>
<b>Current assets</b>			
Stocks		62	38
Debtors amounts falling due within one year	12	2,184	993
Deferred tax asset	9	1,736	-
Cash at bank and in hand	13	1,055	630
		<u>5,037</u>	<u>1,661</u>
<b>Creditors</b> amounts falling due within one year			
Trade and other payables	14	3,516	2,422
Financial liabilities	15	7,331	6,996
		<u>10,847</u>	<u>9,418</u>
<b>Net current liabilities</b>		<u>(5 810)</u>	<u>(7,757)</u>
<b>Total assets less current liabilities</b>		<u>8,223</u>	<u>1,071</u>
<b>Creditors</b> amounts falling due after one year			
Financial liabilities	15	9,364	5,240
		<u>9,364</u>	<u>5,240</u>
<b>Net liabilities</b>		<u>(1,141)</u>	<u>(4,169)</u>
<b>Capital and reserves</b>			
Equity share capital	17	62	62
Share premium	18	3,702	3,702
Retained earnings	18	(4,905)	(7,933)
		<u>(1,141)</u>	<u>(4,169)</u>

The financial statements were approved by the Board of Directors on 5 February 2010 and were signed on its behalf by



B Akker  
Director



Sir T Chinn  
Chairman

## Statement of cash flows

for the year ended 31 December 2009

	2009	2008
Notes	£000	£000
<b>Operating activities</b>		
Operating profit / (loss) after exceptional items	1,464	(3,501)
Reconciliation of operating loss to net cash flow from operating activities		
Exceptional impairment charge	-	2,691
Share based payments charge	19	-
Net finance costs included in operating loss	531	737
(Profit) / loss on sale of tangible fixed assets	(718)	399
Depreciation of tangible fixed assets	1,782	1,167
Increase in stocks	(24)	(38)
(Increase)/decrease in trade and other receivables	(1,236)	138
Increase/(decrease) in trade and other payables	937	(454)
<b>Net cash flow from operating activities</b>	<b>2,755</b>	<b>1,139</b>
<b>Returns on investment and servicing of finance</b>		
Interest received	-	10
Interest paid	(22)	(38)
Interest element of finance lease rental payments	(531)	(736)
	<b>(553)</b>	<b>(764)</b>
<b>Taxation</b>	<b>33</b>	<b>-</b>
<b>Capital expenditure and financial investment</b>		
Sale of tangible fixed assets	4,956	3,596
Payments to acquire tangible fixed assets	(564)	(684)
	<b>4,392</b>	<b>2,912</b>
<b>Net cash inflow before financing</b>	<b>6,627</b>	<b>3,287</b>
<b>Financing</b>		
Issue of ordinary share capital net of issue costs	-	594
Repayment of finance leases	(7,485)	(5,282)
Repayment of loans	(17)	(17)
New loan finance	1,300	800
	<b>(6,202)</b>	<b>(3,905)</b>
<b>Increase/(decrease) in cash</b>	<b>425</b>	<b>(618)</b>

## Statement of cash flows

for the year ended 31 December 2009

### Reconciliation of net cash flow to movement in net debt

	<i>Notes</i>	<i>2009</i> <i>£000</i>	<i>2008</i> <i>£000</i>
Increase/(decrease) in cash		425	(618)
Cash outflow from decrease in debt and lease financing		6,202	4,498
Change in net debt resulting from cash flows		<u>6,627</u>	<u>3,880</u>
New finance leases		(10,661)	(9,363)
Movement in net debt		<u>(4,034)</u>	<u>(5,483)</u>
Opening net debt		(11,606)	(6,123)
Closing net debt	19	<u>(15,640)</u>	<u>(11,606)</u>

## Notes to the financial statements

at 31 December 2009

### 1. Authorisation of financial statements

The financial statements of Streetcar Limited for the year ended 31 December 2009 were authorised for issue by the board of Directors on 5 February 2010 and the balance sheet was signed on the board's behalf by two directors. Streetcar Limited is a private limited company incorporated and domiciled in England and Wales.

The principal accounting policies adopted by the company are set out in note 2.

### 2. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on the basis that the company will continue in business for the foreseeable future. The company has sufficient committed car funding facilities to allow for future growth plans, and the company expects to be profitable and cash generative throughout 2010, based on current projections and budgets. Therefore, notwithstanding the net liabilities position at the balance sheet date, the directors consider the going concern basis to be appropriate.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

#### *Turnover and revenue recognition*

Turnover, which is shown net of value added tax, includes the following elements:

- |                           |   |  |
|---------------------------|---|--|
| Car rental income         | – | Recognised based on usage by members. Where usage is included in an arrangement including other elements, such as joining fees, usage revenue is based upon the fair value of usage in proportion to the overall fair value of the entire arrangement.   |
| Membership fees           | – | Recognised rateably over the life of the contractual membership period. Where membership fees are included in an arrangement including other elements, such as free usage, membership fee revenue is recognised based upon the fair value of the membership fee in proportion to the overall fair value of the entire arrangement. |
| Excess reductions         | – | Recognised over the period of cover.   |
| Local authority subsidies | – | Recognised upon completion of the contract milestone.  |

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets as follows:

- |                               |   |                                       |
|-------------------------------|---|---------------------------------------|
| Motor vehicles                | – | 10% to 16% per annum reducing balance |
| Vehicle modifications         | – | 25% per annum straight line           |
| Office and computer equipment | – | 33% per annum straight line           |

Motor vehicles purchased in 2009 have been depreciated in line with the guaranteed buy-back price agreed with the manufacturer. Other motor vehicles are depreciated based on estimates of future residual values.

The carrying values of these assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account.

## Notes to the financial statements

at 31 December 2009

### 2. Accounting policies (continued)

#### ***Leases and hire purchase commitments***

Assets held under finance leases, which transfer to the company substantially all the risks and benefits of ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the profit and loss account so as to achieve a consistent rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to the profit and loss account on a straight line basis over the lease term. Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

#### ***Stock***

Stock represents fuel held in vehicles at the balance sheet date and is held at the lower of cost and net realisable value.

#### ***Deferred tax***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### ***Employee Benefit Trust***

During the current period the company established an Employee Benefit Trust, which holds a number of C shares on behalf of various employees of the company. There were no material transactions during the year.

#### ***Share based payments***

In preparing the financial statements for the current year, the company has adopted FRS 20 'Share Based Payments'. FRS 20 requires that the fair value of options and share awards which ultimately vest to be charged to the profit and loss account over the vesting or performance period. For equity-settled transactions the fair value is determined at the date of the grant using an appropriate pricing model. For cash-settled transactions fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. If an award fails to vest as the result of certain types of performance condition not being satisfied, the charge to the profit and loss account will be adjusted to reflect this.

### 3. Turnover and segmental information

The company's turnover and loss before taxation was all earned in the primary business segment, namely short term vehicle rental, and in the United Kingdom.

## Notes to the financial statements

at 31 December 2009

### 4. Operating profit / (loss)

The operating profit / (loss) is stated after charging/(crediting)

	2009 £000	2008 £000
Depreciation of owned assets	433	282
Depreciation of assets held under finance leases	1,349	885
(Profit) / loss on disposal of tangible fixed assets	(718)	399
Impairment of fixed assets	-	2,691
Operating lease rentals – offices	156	140

At 31 December 2008 the value of the company's fleet was found to have been adversely impacted by the economic downturn and the resulting reduction in demand for used vehicles. As a result a full impairment review was carried out and the above exceptional impairment charge was recorded. The profit/ loss on disposal of fixed assets has been classified as exceptional on the face of the profit and loss account owing to the size of the amounts involved.

### 5. Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company

	2009 £000	2008 £000
Audit of the financial statements	22	26
Other fees		
– taxation services	7	15
– other services	9	3
	16	18

### 6. Staff costs and directors' emoluments

(a) Staff costs

	2009 £000	2008 £000
Wages and salaries	4,043	2,681
Social security costs	378	243
Share based payments charge	19	-
	4,440	2,924

The company operates a non-contributory stakeholder pension scheme, open to all employees

## Notes to the financial statements

at 31 December 2009

### 6. Staff costs and directors' emoluments (continued)

(b) The average monthly number of employees during the year was made up as follows

	2009 No	2008 No
Executive directors	2	2
Sales and advertising	42	40
Administration	99	71
	<u>143</u>	<u>113</u>

(c) Directors' emoluments

	2009 £000	2008 £000
Executive directors' emoluments (included in (a) above)	236	200
Non-executive directors' fees (not included in (a))	88	78
	<u>324</u>	<u>278</u>

The directors are not members of any company pension scheme

The aggregate emoluments of the highest paid director during the period were £125,000 (31 December 2008 - £100,000) The highest paid director did not exercise any share options during the year

### 7. Interest receivable

	2009 £000	2008 £000
Bank interest receivable	-	10
	<u>-</u>	<u>10</u>

### 8. Interest payable

	2009 £000	2008 £000
Bank loans and overdrafts	2	2
Smedvig Capital loan	140	18
Insurance premium finance	37	18
	<u>179</u>	<u>38</u>

The company also incurred hire purchase interest charges of £531,000 (31 December 2008 - £737,000), included within cost of sales



## Notes to the financial statements

at 31 December 2009

### 9. Tax

(a) Current tax charged in the profit and loss account

	2009 £000	2008 £000
Adjustments in respect of prior periods	12	13

(b) Reconciliation of the current tax charge/(credit)

The tax assessed for the period is lower than the standard effective rate of corporation tax in the UK for the year ended 31 December 2009 of 28%. The differences are explained below

	2009 £000	2008 £000
Profit / (loss) on ordinary activities before taxation	1,285	(3,529)
Profit / (loss) on ordinary activities multiplied by the UK standard rate of corporation tax of 28% (2008 – 20.75%)	360	(732)
Expenses not deductible for tax purposes	24	9
Depreciation in excess of capital allowances	-	717
Other timing differences	-	6
Adjustments in respect of previous year	12	13
Tax losses utilised	(384)	-
Total tax charge reported in the profit and loss account	12	13

A corporation tax credit of £58,000 was claimed in the period ended 31 December 2007 against qualifying research and development expenditure. Of this amount, £33,000 was received in the year, £13,000 was written off in 2008 and the remaining £12,000 written off in 2009.

(c) Deferred tax asset

The Company has tax losses and depreciation in excess of capital allowances which arose in the UK of £6,172,000 (2008 – £7,599,000). The tax effect of these amounts provides a deferred tax asset of £1,736,000 (2008 – unrecognised asset of £1,602,000). The breakdown of the recognised asset approximates to £1,332,000 of tax losses and £404,000 of depreciation in excess of capital allowances. The company has recognised a deferred tax asset in respect of these losses and decelerated capital allowances as the directors feel that the company has now demonstrated sufficient levels of profitability to support this asset. This has resulted in a tax credit to the profit and loss account of £1,736,000 in the year.

The deferred tax asset is due outside of one year.

## Notes to the financial statements

at 31 December 2009

### 10. Tangible fixed assets

	<i>Motor vehicles £000</i>	<i>Vehicle modifications £000</i>	<i>Office and computer equipment £000</i>	<i>Total £000</i>
Cost				
At 1 January 2009	11,327	1,094	369	12,790
Additions	10,661	393	171	11,225
Disposals	(6,686)	-	-	(6,686)
At 31 December 2009	15,302	1,487	540	17,329
Depreciation				
At 1 January 2009	3,503	341	118	3,962
Charge for year	1,349	300	133	1,782
Disposals	(2,448)	-	-	(2,448)
At 31 December 2009	2,404	641	251	3,296
Net Book Value				
At 31 December 2009	12,898	846	289	14,033
At 1 January 2009	7,824	753	251	8,828

#### **Assets held under finance leases and hire purchase contracts**

All motor vehicles are financed under hire purchase arrangements and are pledged security against the balances detailed in note 15. Motors vehicles are used in the company's car rental business and as such are held for use under short term leases.

### 11. Investments

The company has a 100% interest in Prolita Limited, a company registered in England and Wales that was incorporated on 1 June 2007. This investment is of 1 ordinary share of £1. Prolita Limited does not trade.

## Notes to the financial statements

at 31 December 2009

### 12. Debtors: amounts falling due within one year

	2009	2008
	£000	£000
Usage debtors	671	198
Rebate debtors	-	2
Other debtors	252	263
Deposits and prepayments	1,012	276
Accrued income	202	162
Deferred share consideration (note 16)	47	47
Corporation tax	-	45
	<u>2,184</u>	<u>993</u>

### 13. Cash at bank and in hand

	2009	2008
	£000	£000
Cash at bank and in hand	1,055	630
	<u>1,055</u>	<u>630</u>

### 14. Trade and other payables

	2009	2008
	£000	£000
Trade payables	952	557
Member credit balances	257	-
Social security and other taxes	411	235
Other payables	69	39
Customer deposits held	100	222
Deferred income	1,211	1,087
Accrued expenses	516	282
Preference shares (note 17)	-	-
	<u>3,516</u>	<u>2,422</u>

These amounts are all due within one year

# Notes to the financial statements

at 31 December 2009

## 15. Financial liabilities

	2009 £000	2008 £000
Falling due within one year		
Bank loans	16	17
Other loans	2,100	800
Obligations under hire purchase contracts	5,215	6,179
	<u>7,331</u>	<u>6,996</u>
Falling due after one year		
Bank loans	25	41
Obligations under hire purchase contracts	9,339	5,199
	<u>9,364</u>	<u>5,240</u>

The bank loan is repayable by monthly instalments of £1,389. The rate of interest applicable to this loan is 2.5% above Bank of England base rate. The loan is secured by a charge over the book debts and other assets of the company.

The other loan is from Smedvig Capital AS, which is split into three tranches and is fully drawn down at the balance sheet date. Each tranche has an interest rate of 12% up to a default date, and 16% after that date. The default date for tranche 1 (£500,000) is 3 October 2009, for tranche 2 (£600,000) 27 November 2009 and tranche 3 (£1,000,000) 31 December 2010. Tranches 1 and 2 have an associated warrant agreement as set out in note 17.

### **Obligations under hire purchase contracts**

The company uses hire purchase contracts to acquire motor vehicles. Future minimum lease payments under hire purchase contracts are as follows:

	2009 £000	2008 £000
Net obligations repayable		
Within one year	5,215	6,179
Between one and five years	9,339	5,199
	<u>14,554</u>	<u>11,378</u>

### **Obligations under operating leases**

In October 2008 the company entered into an operating lease agreement for its new office premises. This lease expires in September 2012. A further ten year lease was signed on additional office premises in November 2009. Obligations under these leases for the forthcoming year comprise:

	2009 £000	2008 £000
Net annual obligations repayable		
Expiring in years two to five	200	86
Expiring in more than five years	37	-
	<u>237</u>	<u>86</u>

## Notes to the financial statements

at 31 December 2009

### 16. Share-based payments

#### *Streetcar Employee Share Plan*

On 8 May 2007, 1,646 'A' Ordinary shares of £1.00 each were issued to four employees of the company. These shares had an agreed market value of £29.75 each. Consideration of £1.00 each was paid on issue. The remaining consideration of £28.75 is payable upon the listing or sale of Streetcar, or upon another defined trigger event taking place. This deferred amount of £47,000 is included within debtors (note 12).

This plan does not fall within the scope of FRS 20 as full value has been paid for the shares.

#### *Streetcar C Ordinary Share Scheme*

In 2007 864 C Ordinary shares of £0.01 each were issued to three employees for £0.01 each. 2,022 'C' Ordinary shares were also issued to Sir Trevor Chinn for £0.01 each. In 2009, a further 2,003 shares were issued to a number of employees and placed in an Employee Benefit Trust.

These share issues are deemed to be an equity-settled transaction under FRS 20. The fair value of these shares has been calculated as at the date of issue using the Black-Scholes method. The assumptions used in this calculation were as follows:

	2007 Issue	2009 Issues
Share price at date of award	£89	£240
Exercise price	£173	£350
Expected option life	5.1 years	3.5 years
Risk free rate of return	4.5%	3.0%
Dividend yield	nil	nil
Expected volatility	49%	58%

The expected volatility used was based on the historic volatility of a suitable comparator group of listed companies.

The risk free interest rate was based on the yields available of UK government bonds as at the date of grant. The bonds chosen were those with a similar remaining term to the expected vesting period.

The resulting charges over the lives of the shares are £9,000 for the 2007 issue and £72,000 for the 2009 issues based on current leaver assumptions. The resulting charge to the profit and loss account in the year is £19,000 (2008 - £nil).

### 17. Authorised share capital

	2009 No	2008 No	2009 £	2008 £
<i>Authorised</i>				
£1.00 'A' ordinary shares	46,145	46,145	46,145	46,145
£0.01 'B' ordinary shares	1,655,455	1,655,455	16,555	16,555
£0.01 'C' ordinary shares	7,886	7,886	79	79
£0.01 deferred shares	1,851,399	1,851,399	18,514	18,514
			<u>81,293</u>	<u>81,293</u>

37,003 preference shares of £0.01 each are also authorised and issued (2008 – 37,003 shares), and are shown within creditors (note 14).

## Notes to the financial statements

at 31 December 2009

### 17. Authorised share capital (continued)

*Issued*

	<i>£1 00 'A' Ordinary No</i>	<i>£0 01 'B' Ordinary No</i>	<i>£0 01 'C' Ordinary No</i>	<i>£0 01 Deferred No</i>	<i>£0 01 Preference No</i>
At 1 January 2009	42,900	38,476	2,886	1,851,399	37,003
Issued in the year	-	-	2,003	-	-
At 31 December 2009	42,900	38,476	4,889	1,851,399	37,003

	<i>£1 00 'A' Ordinary £</i>	<i>£0 01 'B' Ordinary £</i>	<i>£0 01 'C' Ordinary £</i>	<i>£0 01 Deferred £</i>	<i>£0 01 Preference £</i>
At 1 January 2009	42,900	385	29	18,514	370
Issued in the year	-	-	20	-	-
At 31 December 2009	42,900	385	49	18,514	370

During the year 2,003 new C shares were issued for a consideration of £0 01 each. These shares are all held in an Employee Benefit Trust on behalf of certain employees.

#### Share Classes and Rights

All ordinary share classes have dividend and voting rights. No dividend or voting rights are attached to the preference shares. However, the consent of a majority of preference shareholders is required for the company to merge or transfer its assets to another company, to issue shares, reduce share capital or change accounting policies.

Upon a 'liquidity event' (a liquidation, return of capital, refinancing, sale or listing), the articles of the company provide for the exit proceeds to be distributed amongst the shareholders as follows:

- First, the preference shares are redeemed at £183.67 each (total £6,796,000)
- Second, proceeds up to £14,000,000 are distributed pro-rata to A and B shareholders
- Third, proceeds up to a £30,000,000 threshold are distributed pro-rata to A, B and certain C shareholders
- Fourth, proceeds above this are distributed pro-rata to A, B and all C shareholders

1,234 'A' Ordinary shares and 2,655 'C' Ordinary Shares held by employees of the company are subject to good and bad leaver provisions as set out in the Articles of Association.

## Notes to the financial statements

at 31 December 2009

### Warrant Instrument

On 29 September 2008, a loan facility of £500,000 was made available by Smedvig Capital AS. This facility was extended to £1,100,000 on 24 November 2008. This total was entirely drawn down as at 31 December 2009. On the same dates, warrant instruments were issued, entitling Smedvig to subscribe for B ordinary shares in the company should the loan not be repaid at certain dates.

As the loans remained unpaid at these trigger dates, Smedvig Capital AS are now entitled to subscribe for 5,944 B ordinary shares at an agreed price.

### 18. Reserves

	<i>Share Premium</i>	<i>Profit and loss account</i>
	<i>£000</i>	<i>£000</i>
At 1 January 2009	3,702	(7,933)
Share based payments charge	-	19
Profit for the year	-	3,009
At 31 December 2009	<u>3,702</u>	<u>(4,905)</u>

### 19. Analysis of net debt

	<i>At 31 December 2008 £000</i>	<i>Cash flow £000</i>	<i>Other non-cash movements £000</i>	<i>At 31 December 2009 £000</i>
Cash at bank and at hand	630	425	-	1,055
Bank loans	(58)	17	-	(41)
Finance leases	(11,378)	7,485	(10,661)	(14,554)
Smedvig Capital AS loan	(800)	(1,300)	-	(2,100)
	<u>(11,606)</u>	<u>6,627</u>	<u>(10,661)</u>	<u>(15,640)</u>

### 20. Related Party Transactions

The loan and warrant transactions as described in notes 15 and 17 constitute related party transactions by virtue of J Hewett and R Toms being directors with significant influence on both companies.