Streetcar Limited

Report and Financial Statements

31 December 2010

Registered No 4525217

Directors

Sir Trevor Chinn
Edward Goldfinger
Scott Griffith
Andrew Valentine
Jonathan Zeitler

Secretary

S P Healey

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Registered Office

10 Noble Street
London
EC2V 7QJ

Directors' report

The directors present their report with the audited financial statements of the company for the year ended 31 December 2010

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 loss before exceptional items of £77,000 (2009 £735 000 profit)

Exceptional charges of £1,284,000 were recorded in 2010 in relation to various accounting adjustments made following the acquisition by Zipcar Inc These are detailed in note 7 These changes also resulted in a number of prior year adjustments and restatements These are detailed in note 8 There were no exceptional items in 2009

No dividends will be paid for the year ended 31 December 2010 (2009 £nil)

Review of business

In 2010 Streetcar achieved another year of strong growth with turnover growing by 37% to £21 8 million on top of 57% turnover growth in 2009

Membership grew by 33% in 2010 (2009 53%) to finish the year at 90 278 These members were served by a fleet of 1 618 vehicles (up from 1 316 at end-2009)

However, the key event in the year was the acquisition of Streetcar Limited by Zipcar Inc which took place in April 2010

For some time, the Directors of Streetcar had been exploring opportunities for expansion into Europe, and a merger of the two businesses will allow this expansion to take place at a more rapid rate The similarity in ethos and culture between the two organisations is such that the likelihood of a successful integration is high

The acquisition was funded by a combination of cash, warrants and Zipcar stock

Shortly after the transaction closed, Streetcar and Zipcar were approached by the Office of Fair Trading which carried out an investigation into the UK car club market before referring it to the Competition Commission for further analysis The Competition Commission ultimately concluded that the growth prospects for the industry, which is still in the early stages of development are such that there were no grounds upon which to block the merger

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 2011 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 2011 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 2011and 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

Directors' report

Financial Risk Management

The management of the business and the execution of the company s strategy are subject to a number of financial risks, the most significant of which are credit risk and interest rate risk The company has limited exposure to foreign exchange risk

Credit risk

The company has no significant concentrations of credit risk The board has mitigated credit risk by ensuring appropriate checks are undertaken on customers prior to sales being made

Interest rate risk

The majority of the company's borrowings are on floating interest rates The board continually monitors economic conditions and their likely effect on future interest rates and the resulting impact on the business

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

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 Development in 2010 focused on continuing to improve our website, remote applications and call answering facilities in order to improve the standard of service offered to our members

Political and charitable donations

No political or charitable donations were made during the year

Directors

The directors during the year under review were

A Valentine
Sir Trevor Chinn (Chairman)
B Akker (resigned 20 April 2010)
C A Ameln (resigned 20 April 2010)
M Walker (resigned 20 April 2010)
J Hewett (resigned 20 April 2010)
R Toms (resigned 20 April 2010)
J Mayo (appointed 1 March 2010, resigned 20 April 2010)
E Goldfinger (appointed 20 April 2010)
S Griffith (appointed 20 April 2010)
J Zeitler (appointed 20 April 2010)

Post Balance Sheet Events

In January 2011 Andrew Valentine, one of the founders of Streetcar announced his intention to leave the business He resigned as a director on 2 February 2011 He will be succeeded by Mark Walker Mark is a long established member, investor and director of the business, and was appointed as Chief Operating Officer in January 2010

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

Directors' report

steps that he is obliged to take as a director in order to made himself aware of any relevant audit information and to establish that the auditor is aware of that information

Policy and practice on payment to creditors

The company's strategy is to build mutually beneficial relationships with its suppliers and it agrees terms when entering into binding purchase contracts When the company is satisfied that a supplier has provided the goods or services in accordance with those agreed terms, the company's policy is to pay in accordance with those terms The creditor days at 31 December 2010 was 34 (2009 40 days)

Independent auditors

Baker Tilly UK Audit LLP have resigned as auditors during the year PricewaterhouseCoopers LLP were appointed as auditors during the year

By order of the board

S P Healey
Secretary
15 March 2011

Statement of directors' responsibilities

The directors are responsible for preparing 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing those 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
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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 company and hence 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 of Streetcar Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Accounting Policies and the related notes 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)

Respective responsibilities of directors and auditors

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 Our responsibility is to audit and express an opinion on 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 Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on 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 2010 and of its loss and cash flows 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 (continued)

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

Mark Jordan (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

18 March 2011

Profit and loss account

for the year ended 31 December 2010

	Notes	2010 £000	2009 £000 restated
Turnover	3	21 813	15,898
Cost of sales		(12 911)	(7 765)
Gross profit		8 902	8,133
Administrative expenses – before exceptional items		(8 870)	(7 219)
Operating profit before exceptional items		32	914
Exceptional items	7	(1 284)	-
Operating profit / (loss) after exceptional items	4	(1 252)	914
Interest receivable	9	-	-
Interest payable	10	(109)	(179)
Profit / (loss) before taxation		(1,361)	735
Current tax	11	-	(12)
Profit / (loss) for the year	20	(1 361)	723

The results above all arise from continuing operations

There are no material differences between the loss (2009 profit) before ordinary activities before taxation and the retained loss (2009 profit) for the financial year stated above and their historic cost equivalents

Statement of total recognised gains and losses

for the year ended 31 December 2010

	2010 £000	2009 £000 restated
Profit / (loss) for the year	(1 361)	723
Prior year adjustment (note 8)	(1 219)	-
Total recognised gains / (losses) since last annual report	(2 580)	723

Balance sheet

at 31 December 2010

Company registration no 4525217

	Notes	2010 £000	2009 £000 restated
Fixed assets			
Tangible assets	12	19 797	14 033
Investments	13	–	–
		19,797	14,033
Current assets			
Stocks		68	62
Debtors amounts falling due within one year	14	1 506	2,184
Cash at bank and in hand	15	1 182	1 055
		2,756	3,301
Creditors amounts falling due within one year			
Trade and other payables	16	(10 406)	(4 734)
Financial liabilities	17	(8 876)	(7,331)
		(19 282)	(12 065)
Net current liabilities		(16 526)	(8,764)
Total assets less current liabilities		3 271	5 269
Creditors amounts falling due after one year			
Financial liabilities	17	(8 665)	(9,364)
		(8 665)	(9 364)
Net liabilities		(5 394)	(4,095)
Capital and reserves			
Equity share capital	19	62	62
Share premium	20	3 703	3 703
Retained earnings	20	(9 159)	(7 860)
		(5 394)	(4 095)

The financial statements were approved by the Board of Directors on 15 March 2011 and were signed on its behalf by

M Walker
Director

Sir Trevor Chinn
Chairman

Statement of cash flows

for the year ended 31 December 2010

	2010 £000	2009 £000 restated
Operating activities		
Operating profit / (loss) after exceptional items	32	915
Reconciliation of operating loss to net cash flow from operating activities		
Exceptional charges	(1.284)	-
Share based payments charge	62	18
Net finance costs included in operating result	858	531
Profit on sale of tangible fixed assets	(329)	(718)
Depreciation of tangible fixed assets	2 888	1 781
Increase in stocks	(6)	(24)
(Increase) / decrease in trade and other receivables	631	(1 235)
Increase in trade and other payables	1,227	1 487
Net cash flow from operating activities	4 079	2 755
Returns on investment and servicing of finance		
Interest received	-	-
Interest paid	(109)	(22)
Interest element of finance lease rental payments	(858)	(531)
	(967)	(553)
Taxation	-	33
Capital expenditure and financial investment		
Sale of tangible fixed assets	7 576	4 956
Payments to acquire tangible fixed assets	(733)	(564)
	6 843	4 392
Net cash inflow before financing	**9,955**	**6,627**
Financing		
Issue of ordinary share capital net of issue costs	47	-
Repayment of finance leases	(12 179)	(7 485)
Repayment of loans	(2 141)	(17)
New loan finance	-	1 300
Intercompany funding	4,445	-
	(9,828)	(6 202)
Increase in cash	127	425

Statement of cash flows

for the year ended 31 December 2010

Reconciliation of net cash flow to movement in net debt

	Notes	*2010* *£000*	*2009* *£000* *restated*
Increase in cash		127	425
Cash outflow from decrease in debt and lease financing		17,102	6 202
Change in net debt resulting from cash flows		17.229	6 627
New finance leases		(17 948)	(10 661)
Movement in net debt		(719)	(4,034)
Opening net debt		(15.640)	(11 606)
Closing net debt	21	(16 359)	(15 640)

Notes to the financial statements

at 31 December 2010

1. Authorisation of financial statements

The financial statements of Streetcar Limited for the year ended 31 December 2010 were authorised for issue by the board of Directors on 15 March 2011 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 2011, 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 the fair value of the other element is recognised separately and the remaining value of the transaction is recognised as membership fees
Damage waiver fees	–	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 20% (see below)
Vehicle modifications	–	25% per annum straight line
Office and computer equipment	–	33% per annum straight line

Until 20 April 2010 all motor vehicles were depreciated at 10% reducing balance This was increased upon acquisition by Zipcar Inc in order to be in line with group policies Individual vehicle types are now depreciated at different rates depending on the expected holding period and residual value for that vehicle type

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 2010

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 assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

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

Interest

Interest payable on bank loans and overdrafts as well as other loans are included in interest payable Hire purchase interest expense is included in cost of sales

Cost of sales

Cost of sales includes the following items Fuel costs, parking expenses, insurance, vehicle damage and maintenance costs fines, congestion charging, vehicle registration and tax costs, depreciation and hire purchase interest costs

Financial instruments

Trade debtors

Trade debtors are measured on initial recognition at fair value and subsequently measured at amortised cost using the effective net interest method Appropriate provisions for impairment are recognised when there is objective evidence that the full amount is not collectible When a trade debtor is uncollectible it is written off against an allowance account

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks other short term highly liquid investments with original maturities of three months or less and bank overdrafts Bank overdrafts are shown within creditors in current liabilities on the balance sheet

Trade creditors

Trade creditors are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method

Notes to the financial statements

at 31 December 2010

Share based payments

In preparing the financial statements for the current and prior years, 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

The major revenue streams of the business arise from the rental of vehicles (usage) the sale of annual memberships and the sale of damage waiver reductions

4 Operating profit

The operating profit is stated after charging/(crediting)

	2010	*2009*
	£000	*£000*
		restated
Depreciation of owned assets	605	433
Depreciation of assets held under finance leases	2 283	1,348
Profit on disposal of tangible fixed assets	(329)	(718)
Operating lease rentals – offices	212	156

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

	2010	*2009*
	£000	*£000*
		restated
Fees payable for the audit	25	22
Fees payable for other services		
– taxation services	4	7
– other services	15	9
	19	16

Notes to the financial statements

at 31 December 2010

6 Staff costs and directors' emoluments

(a) Staff costs

	2010 £000	2009 £000 restated
Wages and salaries	4,799	4 043
Social security costs	490	378
Share based payments charge	62	19
	5,351	4 440

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

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

	2010 No	2009 No
Executive directors	1	2
Sales and advertising	44	42
Administration	133	99
	178	143

(c) Directors emoluments

	2010 £000	2009 £000 restated
Executive directors emoluments (included in (a) above)	171	236
Non-executive directors' fees (not included in (a))	62	88
	233	324

The directors are not members of any company pension scheme

The aggregate emoluments of the highest paid director during the period were £132,500 (31 December 2009 - £125,000) The highest paid director did not exercise any share options during the year

Notes to the financial statements

at 31 December 2010

7. Exceptional Items

	2010	*2009*
	£000	*£000*
		restated
Exceptional insurance charges	752	-
Exceptional bad debt expense	315	
Transaction costs and associated adjustments	217	-
	1,284	-

The company suffered a significant increase in the number of insurance claims made on its policies during 2010, including some exceptionally large claims These claims resulted in the insurance cost for the insurance year ended April 2010 to be significantly larger than had been anticipated in 2009 These additional costs have been included in exceptional items

During the year the technique to determine bad debt expenses was changed resulting in an additional expense of £315 000 This has been included in exceptional items

During the acquisition by Zipcar, Inc, the company incurred transaction costs and other associated costs of £217,000 These have been included in exceptional items

8 Changes in accounting policy and prior year adjustments

	Note below	*2009 Previously reported £000*	*Restatement £000*	*2009 Restated £000*
Balance sheet·				
Deferred tax asset	a	1,736	(1 736)	-
Trade and other payables	b/c	3,515	1,217	4,732
Retained earnings	a/b/c	(4,905)	(2,955)	(7 860)
Profit and loss·				
Turnover	b/c	16 448	(550)	15 898
Deferred tax credit	a	1 736	(1 736)	-

a) Deferred tax asset

A deferred tax asset was recognised at the end of 2009 in respect of accumulated tax losses and depreciation in excess of capital allowances Other changes in accounting policy mean that the company now considers it more prudent not to recognise this asset in 2009 This policy change is also in line with Zipcar's group accounting policies This has resulted in a reduced tax credit in 2009

b) Member deposits

A large number of refundable deposits paid by members in the period to 2007 were previously deemed to have been converted into annual membership fees and usage credits following communication with these members in 2008 These amounts had been recognised as turnover between 2008 and 2009 Following a reassessment of the legal position of some of these deposits the company now considers that these deposits have not been converted and are still refundable to members This has resulted in a reduction in turnover in 2009

Notes to the financial statements

at 31 December 2010

c) Historical damage waiver revenue

Until 2009 this revenue was considered to be VAT exempt following advice received from HMRC During the acquisition by Zipcar, a detailed review of recent case law has determined that this revenue should be treated as standard rated for VAT This has resulted in a reduction in turnover in 2009

9. Interest receivable

	2010	*2009*
	£000	*£000*
		restated
Bank interest receivable	-	-

10. Interest payable

	2010	*2009*
	£000	*£000*
		restated
Bank loans and overdrafts	1	2
Smedvig Capital loan	92	140
Insurance premium finance	16	37
	109	179

The company also incurred hire purchase interest charges of £858,000 (31 December 2009 – £531 000), included within cost of sales

11. Tax

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

	2010	*2009*
	£000	*£000*
		restated
Adjustments in respect of prior periods	-	12

Notes to the financial statements

at 31 December 2010

(b) Reconcılıatıon of the current tax charge

	2010 £000	2009 £000 restated
Profit / (loss) on ordınary actıvıtıes before taxatıon	(1,361)	735
Profit / (loss) on ordınary actıvıtıes multıplıed by the UK standard rate of corporatıon tax of 28% (2009 – 28%)	(381)	206
Expenses not deductable for tax purposes	59	9
Capıtal allowances ın excess of depreciatıon	575	(369)
Other tımıng dıfferences	(9)	-
Adjustments ın respect of previous year	-	12
Unrelıeved tax losses	97	-
Effect of prior year adjustment	(341)	154
Total tax charge reported ın the profit and loss account	-	12

(c) Unrecognısed deferred tax asset

The Company has tax losses and depreciatıon ın excess of capıtal allowances whıch arose ın the UK of £8,690,000 (2009 – £7,539,000) The tax effect of these amounts would be a deferred tax asset of £2,346,000 (2009 restated – £2 111,000) These losses are avaılable ındefinıtely for offset against future taxable profits of the company Deferred tax assets have not been recognısed ın respect of these losses as the company has not yet demonstrated levels of profitabılıty to support the recognıtıon of a deferred tax asset

12. Tangıble fixed assets

	Motor vehıcles £000	Vehıcle modıfıcatıons £000	Office and computer equıpment £000	Total £000
Cost				
At 1 January 2010	15,302	1 487	540	17,329
Addıtıons	15,166	504	230	15 900
Dısposals	(9,288)	-	-	(9 288)
At 31 December 2010	21,180	1,991	770	23,941
Depreciatıon				
At 1 January 2010	2,404	641	251	3 296
Charge for year	2,282	408	198	2,888
Dısposals	(2,040)	-	-	(2 040)
At 31 December 2010	2 646	1,049	449	4,144
Net Book Value				
At 31 December 2010	18 534	942	321	19 797
At 1 January 2010 restated	*12,898*	*846*	*289*	*14,033*

Notes to the financial statements

at 31 December 2010

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 16 Motors vehicles are used in the company's car rental business and as such are held for use under short term leases

13. 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

14 Debtors: amounts falling due within one year

	2010	*2009*
	£000	*£000*
		restated
Trade debtors	475	671
Other debtors	143	252
Deposits and prepayments	590	1,012
Accrued income	298	202
Deferred share consideration (note 18)	-	47
	1,506	2,184

15 Cash at bank and in hand

	2010	*2009*
	£000	*£000*
Cash at bank and in hand	1 182	1 055
	1,182	1 055

Notes to the financial statements

at 31 December 2010

16. Trade and other payables

	2010 £000	2009 £000 restated
Trade payables	1,233	952
Member credit balances	117	257
Social security and other taxes	1,057	731
Other payables	62	69
Customer deposits held	1,147	998
Deferred income	1,320	1,211
Accrued expenses	1,025	516
Preference share	-	-
Intercompany	4,445	-
	10,406	4,734

These amounts are all due within one year

The intercompany loan is non-interest bearing, unsecured and repayable on demand

17. Financial liabilities

	2010 £000	2009 £000 restated
Falling due within one year		
Bank loans	-	16
Other loans	-	2 100
Obligations under hire purchase contracts	8 876	5 215
	8,876	7,331
Falling due after one year		
Bank loans	-	25
Obligations under hire purchase contracts	8 665	9 339
	8,665	9,364

The bank loan was repaid in full in April 2010

The other loan was from Smedvig Capital AS and was made up of three tranches each of which was fully drawn down at 31 December 2009 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) was 3 October 2009, for tranche 2 (£600,000) 27 November 2009 and tranche 3 (£1 000 000) 31 December 2010 These loans and the associated interest were repaid in full through an intercompany loan as part of the sale to Zipcar

Notes to the financial statements

at 31 December 2010

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

	2010	*2009*
	£000	*£000*
		restated
Net obligations repayable		
Within one year	8,876	5 215
Between one and five years	8.665	9,339
	17 541	14 554

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

	2010	*2009*
	£000	*£000*
		restated
Net annual obligations repayable		
Expiring in years two to five	200	200
Expiring in more than five years	52	37
	252	237

18 Share-based payments

Two separate employee share plans were in place prior to the acquisition by Zipcar These plans are no longer live, with all share capital having been transferred into Zipcar stock

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 was included within debtors (note 14) and was cleared as part of the sale to Zipcar in April 2010

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

Notes to the financial statements

at 31 December 2010

	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 entire outstanding element of these charges was charged to the profit and loss account in 2010 due to the shares being sold to Zipcar Inc The resulting charge to the profit and loss account in the year is £62 000 (2009 - £18 000)

19 Share capital

Issued

	£0 01 Ordinary No	*£1 00 'A' Ordinary No*	*£0 01 'B' Ordinary No*	*£0 01 'C' Ordinary No*	*£0 01 Deferred No*	*£0 01 Preference No*
At 1 January 2010	-	42,900	38,476	4,889	1 851 399	37,003
20 April 2010	-	(171)	-	(388)	17,488	-
19 May 2010	6 221,767	(42,729)	(38,476)	(4 501)	(1 868 887)	(37 003)
At 31 December 2010	6 221,767	-	-	-	-	-

	£0 01 Ordinary £	*£1 00 'A' Ordinary £*	*£0 01 'B' Ordinary £*	*£0 01 'C' Ordinary £*	*£0 01 Deferred £*	*£0 01 Preference £*
At 1 January 2010	-	42 900	385	49	18 514	370
20 April 2010	-	(171)	-	(4)	175	-
19 May 2010	62,218	(42,729)	(385)	(45)	(18,689)	(370)
At 31 December 2010	62,218	-	-	-	-	-

On 20 April 2010 all shares in the company were sold to Zipcar Inc On 19 May 2010 the share capital of the company was reorganised into one class of ordinary share

Share Classes and Rights

All ordinary shares are now of the same class and have equal voting rights

Notes to the financial statements

at 31 December 2010

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 These loans were repaid in full as part of the sale to Zipcar Inc in April 2010 No additional shares were issued to Smedvig in relation to their warrants, with their additional entitlements being dealt with through the sale and purchase agreement

20. Reserves

	Share Premium £000	*Profit and loss account £000 restated*
At 1 January 2010 as previously reported	3 703	(4 905)
Prior year adjustment (note 8)	-	(2,955)
At 1 January 2010 restated	3,703	(7 860)
Share based payments charge	-	62
Profit for the year	-	(1,361)
At 31 December 2010	3,703	(9,159)

21 Analysis of net debt

	At 31 December 2009 £000 restated	*Cash flow £000*	*Other non-cash movements £000*	*At 31 December 2010 £000*
Cash at bank and at hand	1,055	127	-	1 182
Bank loans	(41)	41	-	-
Finance leases	(14 554)	14 961	(17 948)	(17,541)
Smedvig Capital AS loan	(2,100)	2,100	-	-
	(15,640)	17,229	(17 948)	(16,359)

22. Related Party Transactions

The loan and warrant transactions as described in notes 17 and 19 constitute related party transactions by virtue of J Hewett, R Toms and J Mayo being directors with significant influence on both companies

The immediate parent undertaking, ultimate parent undertaking and controlling party is Zipcar, Inc, which is registered in the United States of America