

Userve Limited (previously Universal Salvage (UK) Limited)

Report and Accounts

29 April 2000

Company Number 929621



Userve Limited

Company No: 929621

DIRECTORS

C S Bassett (resigned 31.12.99)
S S Bassett (resigned 31.12.99)
C S Bramall (resigned 31.1.00)
J A Higgins (resigned 25.4.00)
M C Hynes
B Hobbs
A J McGill
J M Dearman (resigned 13.10.00)
K Tarren (appointed 29.4.99, resigned 13.10.00)
B Chudasama (appointed 25.10.99, resigned 13.10.00)
N Wilson (appointed 1.7.00, resigned 13.10.00)
R Clough (appointed 1.7.00, resigned 13.10.00)
J Cook (appointed 13.10.00)

SECRETARY

C S Bramall (resigned 31.1.00)
A E Thomas (appointed 1.2.00)

AUDITORS

Arthur Andersen
3 Victoria Square
Victoria Street
Herts
St Albans
AL1 3TF

BANKERS

National Westminster Bank Plc
PO Box No 23
31 George Street
Luton
Beds
LU1 2AH

REGISTERED OFFICE

Acrey Fields
Woburn Road
Wootton
Beds
MK43 9EJ

DIRECTORS' REPORT

The directors present their report and the company's accounts for the year ended 29 April 2000.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is managing for third parties on a contract basis the disposal of motor vehicles which for insurance purposes have been declared write-offs, including their collection, storage, purchase and sale at auction. The results show a significant recovery in the company's profitability.

The name of the company was changed from Universal Salvage (UK) Limited to Userve Limited on 21 July 2000.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 8.

During the year the company paid an interim dividend of £269,000.

A final dividend of £673,000 (1999: £242,000) was paid on 23 August 2000.

The retained profit of £2,913,000 (1999: £69,000 loss) will be added to reserves.

FUTURE DEVELOPMENTS

A full review of future developments is disclosed in the group accounts of Universal Salvage plc.

CHARITABLE CONTRIBUTIONS

The company has paid £6,269 (1999: £7,439) in charitable contributions in the year.

CREDITORS' PAYMENT POLICY

The policy of the company is to pay suppliers in accordance with the terms of trade agreed with each supplier and, in the absence of an agreement, on or before the end of the succeeding month. The average period of credit given by suppliers is 20 days.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are shown on page 2. The directors at 29 April 2000 and their interests in the shares of the ultimate parent company, Universal Salvage plc, were as stated below:

	<i>Ordinary shares of 10p</i>		<i>Savings related</i>		<i>Ordinary shares of 10p under share option schemes</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>Executive</i> <i>2000</i>	<i>1999</i>
M C Hynes	283,000	250,000	17,889	-	257,601	450,000
B Hobbs	35,000	-	-	-	223,831	325,000
A J McGill	10,000	10,000	-	-	210,070	100,000
J M Dearman	-	10,000	-	-	125,050	95,000
K Tarren	20,363	20,000	-	-	45,050	-
B Chudasama	-	-	-	-	45,050	-

The Register of Directors' Interests contains full details of directors' shareholdings and options to subscribe and is available for inspection at the registered office.

DIRECTORS' REPORT

EMPLOYEES

We believe our employees' motivation is central to the way in which the company performs. Empowered and committed people help create a competitive advantage. Keeping all of our staff informed is a task to which we are committed.

The company's goals are to provide a mechanism, through regular meetings with local management and staff, for constructive two-way dialogue, upward feedback and peer review. They provide an environment in which performance is objectively assessed and employees recognise their contribution to the performance of the company.

Our strategy and business plans are widely shared with employees. Through team briefings, presentations, e-mail and the company Intranet, we inform employees and encourage them to express views and communicate ideas. We encourage employees to become shareholders of Universal Salvage plc through our share ownership schemes. A copy of this report and accounts is available to every employee.

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy, wherever practical, to provide continuing employment under normal terms and conditions, and to provide training, career development and promotion to disabled employees wherever appropriate.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Good HSE performance and the health, safety and security of everyone that works in the company or visits our sites is of paramount importance to the company. High standards of environmental and social responsibility are imperative to the operational performance of the company's activities. Managing the company's HSE goals, as well as monitoring and improving the safety record, requires continual measurement and a joint effort on the part of management and staff.

An HSE forum has been established and is chaired by the company secretary. This brings together the expertise of the company's operational management and ensures that industry best practice is monitored and implemented wherever appropriate. The forum enables staff responsible for such issues to discuss matters concerning them with senior management. A unified policy will be applied to all operating sites where branch managers, assisted by nominated safety representatives, are responsible for ensuring all policies are effective within their area of control.

Clear accountability is defined throughout the company for HSE issues with the chief executive ultimately being responsible for maintaining an effective HSE policy. The company's policy requires all operating sites to comply with all applicable laws and regulations. All employees receive appropriate training and are personally responsible for bringing to the attention of management any HSE incident.

Universal recognises and respects the balance between industry and a healthy and sustainable environment. The environmental policy statement reinforces our commitment to integrate sound environmental practices within our daily operations as part of the company's culture. Continuing development of a structured approach to addressing environmental issues has given us a focus to manage and control our impact on the environment.

DIRECTORS' REPORT

AUDITORS

Ernst & Young resigned during the year and Arthur Andersen were appointed to fill a casual vacancy. In accordance with section 385 of the Companies Act a resolution proposing Arthur Andersen be reappointed as auditors will be put to the members at the Annual General Meeting.

By Order of the Board

A handwritten signature in cursive script, appearing to read 'A E Thomas'.

A E Thomas
Secretary

21 February 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on a 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

AUDITORS' REPORT
to the members of Userve Limited

We have audited the accounts on pages 8 to 22, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and on the basis of the accounting policies set out on pages 11 to 13.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of the accounts, in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 29 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants & Registered Auditors
3 Victoria Square
Victoria Street
St Albans
Herts
AL1 3TF

21 February 2001

Userve Limited

PROFIT AND LOSS ACCOUNT

For the year ended 29 April 2000

	Notes	2000 £'000	1999 £'000
TURNOVER	2	87,225	88,942
Cost of sales		(69,977)	(79,870)
GROSS PROFIT		17,248	9,072
Administrative expenses		(11,995)	(8,833)
		5,253	239
Other operating income		439	331
OPERATING PROFIT	3	5,692	570
Profit on sale of properties	4	107	193
Interest receivable		53	4
Interest payable	5	(306)	(563)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,546	204
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(1,691)	(4)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	19	3,855	200
Dividends	7	(942)	(269)
RETAINED PROFIT/(LOSS)		2,913	(69)

The accompanying notes are an integral part of this profit and loss account.

All operations of the company continued throughout both periods and no material operations were acquired or discontinued.

Statement of recognised gains and losses

	2000	1999
	£'000	£'000
For the year ended 29 April 2000:		
Profit on ordinary activities after taxation	3,855	200
Surplus on revaluation of properties	-	1,526
Total recognised gains and losses relating to the year	<u>3,855</u>	<u>1,726</u>

Note of historical cost profits and losses

	2000	1999
	£'000	£'000
For the year ended 29 April 2000:		
Reported profit on ordinary activities before taxation	5,546	204
Realisation of property revaluation gains of previous years	252	294
Historical cost profit on ordinary activities before taxation	<u>5,798</u>	<u>498</u>
Historical cost profit retained after taxation, dividends and other appropriations	<u>3,165</u>	<u>225</u>

The accompanying notes are an integral part of this statement of recognised gains and losses and this note of historical cost profits and losses.

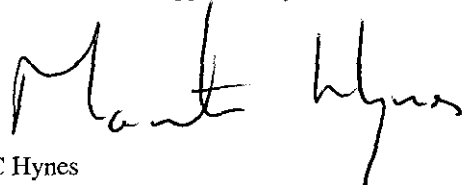
Userve Limited

BALANCE SHEET

At 29 April 2000

	Notes	2000 £'000	1999 £'000
FIXED ASSETS			
Intangible assets	9	90	
Tangible assets	10	22,000	18,081
Investments	11	-	-
		<u>22,090</u>	<u>18,081</u>
CURRENT ASSETS			
Stocks	12	3,327	3,812
Debtors	13	4,009	6,123
Cash at bank and in hand		8	757
		<u>7,344</u>	<u>10,692</u>
CREDITORS: amounts falling due within one year	14	(10,671)	(11,873)
NET CURRENT LIABILITIES		<u>(3,327)</u>	<u>(1,181)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,763</u>	<u>16,900</u>
CREDITORS: amount falling due after more than one year	15	(3,389)	(4,410)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(21)	(50)
		<u>15,353</u>	<u>12,440</u>
CAPITAL AND RESERVES			
Called up share capital	18	25	25
Revaluation reserve	19	4,232	4,484
Profit and loss account	19	11,096	7,931
EQUITY SHAREHOLDERS' FUNDS		<u>15,353</u>	<u>12,440</u>

The accounts were approved by the Board on 21 February 2001 and signed on its behalf by:



M C Hynes
Director

The accompanying notes are an integral part of this balance sheet.

NOTES TO THE ACCOUNTS
at 29 April 2000

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been consistently applied throughout the year and the preceding year.

Basis of accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of certain freehold and leasehold land and buildings and investments.

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 from the requirement to disclose transactions with group companies on the grounds that its parent company's accounts are publicly available. The company is also, on this basis, exempt from the requirement of Financial Reporting Standard No. 1 to present a cash flow statement.

The accounting reference date is 30 April and this year the accounts have been drawn up to 29 April 2000 being the nearest Saturday to 30 April 2000.

The accounts are prepared in accordance with applicable accounting standards.

Goodwill

Positive goodwill arising on acquisitions, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its estimated useful economic life up to a maximum of 20 years. Each acquisition is individually assessed. It is reviewed for impairment at the end of each financial year, or if there is a significant change in circumstances which might indicate that the carrying value may not be recoverable.

Fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provisions for impairment. The company has adopted a policy of revaluation in line with FRS15 and the freehold and leasehold land and buildings were revalued at 1 May 1999 based on an open market value for existing use. The directors are not aware of any material change in value since that date and therefore this valuation has not been updated. In accordance with FRS15 an interim review will be performed in 2002.

Interest incurred on borrowings to finance specific site developments is capitalised at its gross amount up to the date the site becomes operational.

Fixed asset investments are shown at cost or valuation less any provisions for impairment.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	over 15 to 41 years
Leasehold buildings	-	over the lease term
Site improvements	-	over 5 to 25 years
Plant, machinery and motor vehicles	-	over 4 to 14 years
Office and computer equipment	-	over 3 to 5 years

NOTES TO THE ACCOUNTS
at 29 April 2000

Stock

Stocks are stated at the lower of cost incurred in bringing each vehicle or component to its present location and condition, and net realisable value as follows:

Work in progress	-	cost of direct materials and labour
Vehicles and components for resale	-	cost of vehicle/component plus attributable overheads

Provision is made for slow moving items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided for at amounts expected to be paid (or recovered) using the rates and laws that have been enacted or substantially enacted by the balance sheet date.

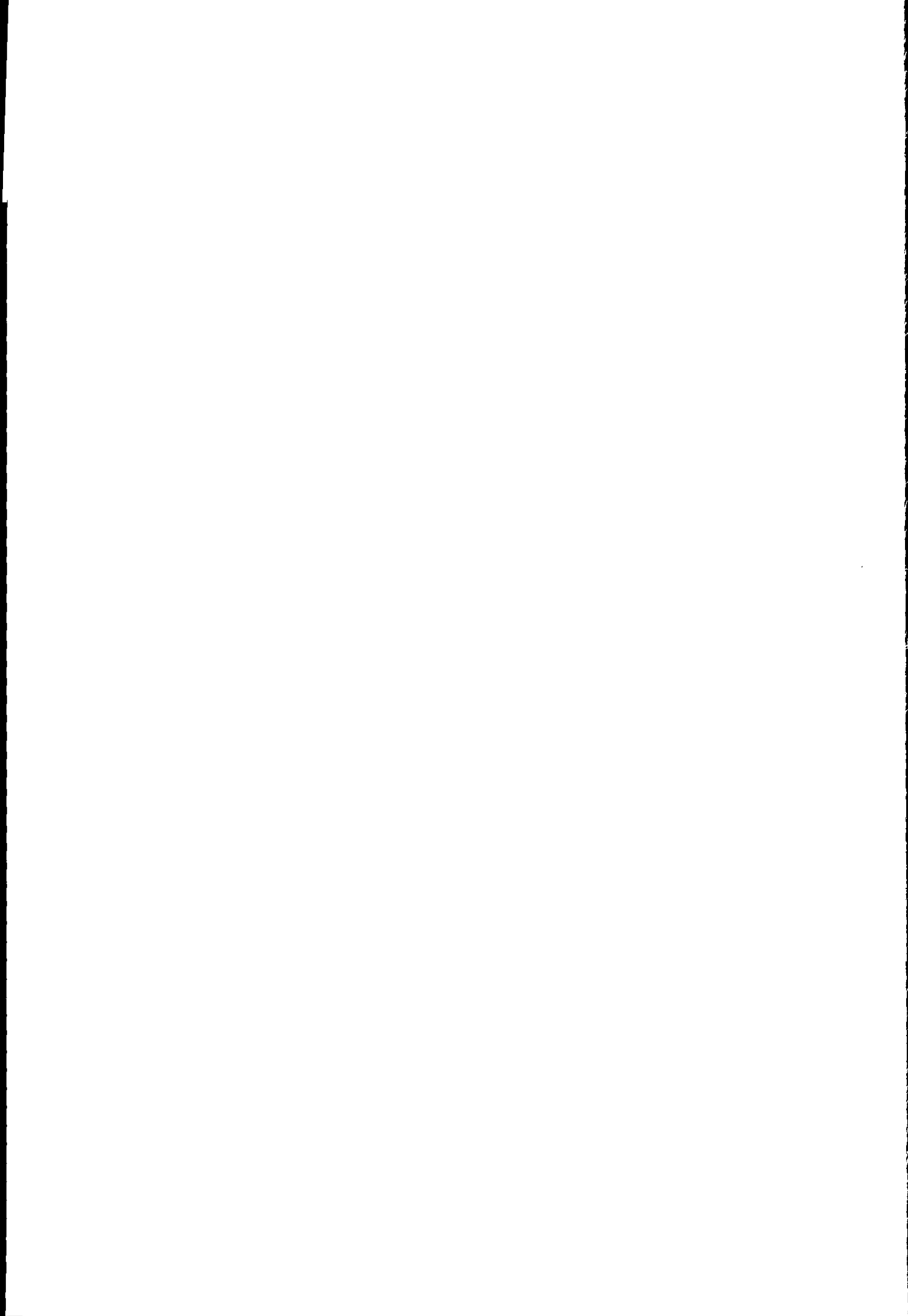
Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term, even if the payments are not made on such a basis.



NOTES TO THE ACCOUNTS

at 29 April 2000

1. ACCOUNTING POLICIES (continued)

Pensions

The company operates defined contribution pension schemes for directors. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the schemes are held separately from those of the company in independently administered funds.

2. TURNOVER

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

3. OPERATING PROFIT

This is stated after charging:

	2000 £'000	1999 £'000
Depreciation of owned fixed assets	954	726
Depreciation of assets held under finance leases and hire purchase contracts	46	73
Operating lease rentals - land and buildings	386	436
- hire of plant and machinery	88	110
Auditors' remuneration - Ernst & Young audit services	8	46
- Arthur Andersen audit services	37	-
- Ernst & Young non audit services	55	86
- Arthur Andersen non audit services	16	-
	<u> </u>	<u> </u>

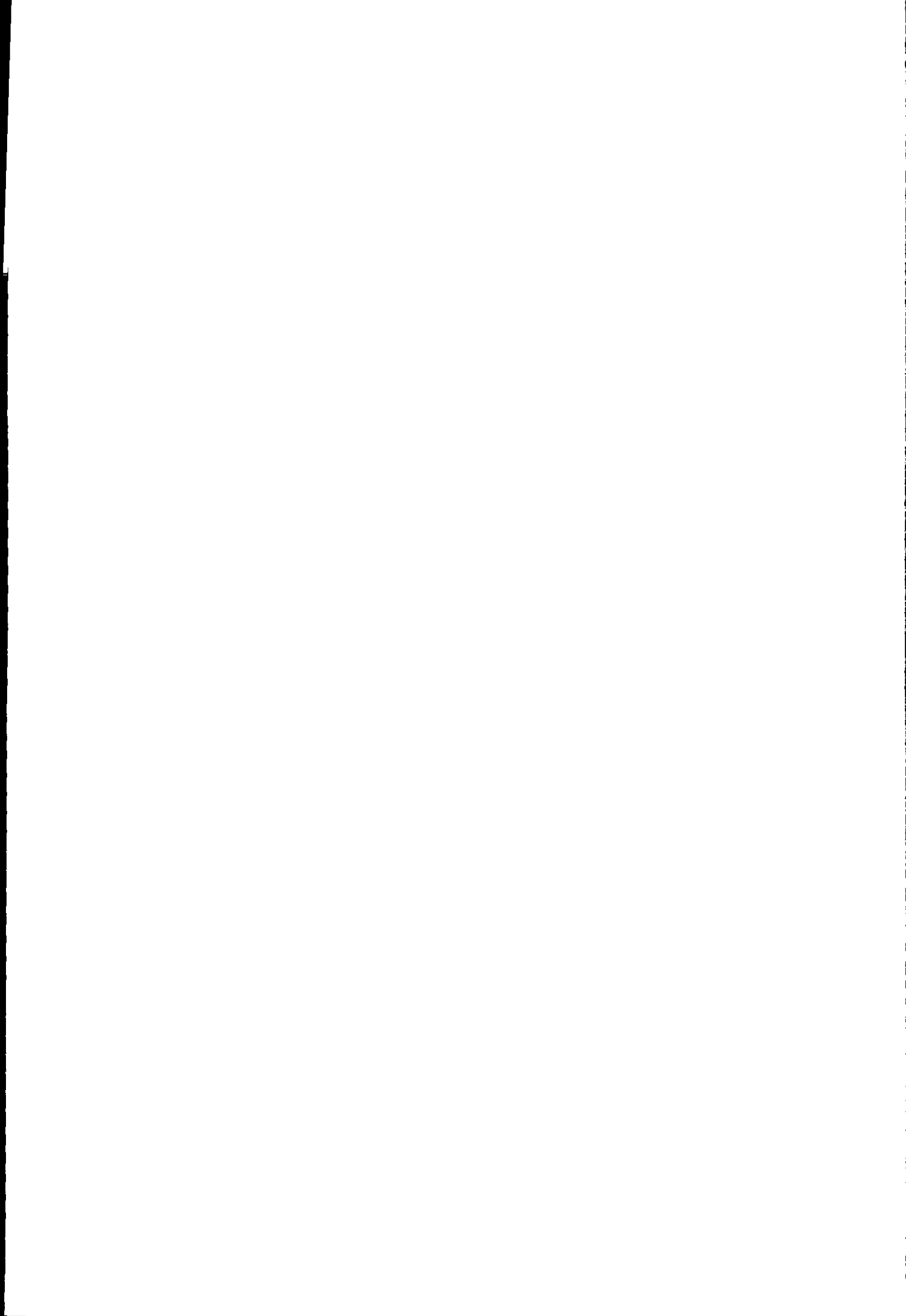
4. PROFIT ON SALE OF PROPERTIES

	2000 £'000	1999 £'000
Profit arising on disposal of surplus properties	107	193
	<u> </u>	<u> </u>

Capital gains arising on the disposal of the properties are anticipated to be rolled over against qualifying assets.

5. INTEREST PAYABLE

	2000 £'000	1999 £'000
On bank loans and overdrafts	298	547
Lease finance charges and hire purchase interest	8	16
	<u> </u>	<u> </u>
	306	563
	<u> </u>	<u> </u>



Userve Limited

NOTES TO THE ACCOUNTS

at 29 April 2000

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £'000	1999 £'000
The taxation charge based on the profit before tax comprises:		
UK corporation tax	1,721	63
Deferred taxation provision release	(29)	(138)
	<u>1,692</u>	<u>(75)</u>
Prior years		
UK corporation tax	(1)	79
	<u>1,691</u>	<u>4</u>

If deferred tax had been provided in full the charge for the year would have been increased by £64,000 (1999: £276,000).

7. DIVIDENDS

	2000 £'000	1999 £'000
Equity dividends on ordinary shares:		
Interim paid 1.0p (1999 : 0.1p)	269	27
Final paid 2.5p (1999 : 0.9p)	673	242
	<u>942</u>	<u>269</u>

8. STAFF AND DIRECTORS

	2000 £'000	1999 £'000
Staff costs:		
Wages and salaries	8,940	7,210
Social security costs	809	693
Other pension costs	141	59
	<u>9,890</u>	<u>7,962</u>

The average monthly number of employees during the year was made up as follows:

	2000 No	1999 No
Site and transportation	241	227
Office and management	186	165
	<u>427</u>	<u>392</u>

Userve Limited

NOTES TO THE ACCOUNTS at 29 April 2000

8. STAFF AND DIRECTORS (continued)

	2000 £'000	1999 £'000
Directors' emoluments:		
Salaries and benefits	885	674
Compensation for loss of office	163	60
Bonuses - Profit related	231	-
	<u>1,279</u>	<u>734</u>
Pension contributions in respect of directors	79	57
	<u>1,358</u>	<u>791</u>

The above amounts do not include gains made on the exercise of share options. 2 directors exercised share options in the period (1999: nil).

The pension contributions are in respect of payments to a defined contribution pension scheme. The number of directors who were members of the pension scheme was 8 (1999: 6).

The emoluments of the highest paid director, were:

	2000 £'000	1999 £'000
Salaries and benefits	118	120
Compensation	118	-
	<u>236</u>	<u>120</u>
Subtotal (excluding pension contributions)	236	120
Pension contributions	8	8
	<u>244</u>	<u>128</u>

9. INTANGIBLE ASSETS

	Goodwill £'000
Cost and net book value:	
At 2 May 1999	-
Increase during year on acquisition	90
At 29 April 2000	<u>90</u>

On 20 April 2000 the company acquired the intellectual property rights and tangible assets of Select Online Spares Ltd for a cash consideration of £100,000. The fair value of identifiable assets acquired was £10,000. The goodwill is being amortised evenly over its useful economic life of 5 years.

NOTES TO THE ACCOUNTS

at 29 April 2000

10. TANGIBLE FIXED ASSETS

	<i>Land and buildings £'000</i>	<i>Plant, machinery and motor vehicles £'000</i>	<i>Office equipment £'000</i>	<i>Total £'000</i>
Cost or valuation:				
At 2 May 1999	14,115	6,345	1,037	21,497
Additions	2,981	1,985	685	5,651
Transfers from current assets	-	516	-	516
Disposals	(681)	(883)	(247)	(1,811)
Transfer to current assets	-	(530)	-	(530)
At 29 April 2000	16,415	7,433	1,475	25,323
Depreciation:				
At 2 May 1999	27	2,821	568	3,416
Provided during the year	101	737	162	1,000
Disposals	(1)	(738)	(209)	(948)
Transfer to current assets	-	(145)	-	(145)
At 29 April 2000	127	2,675	521	3,323
Net book value:				
At 29 April 2000	16,288	4,758	954	22,000
At 2 May 1999	14,088	3,524	469	18,081

No interest was capitalised into fixed assets in the year ended 29 April 2000 (1999: £Nil). The total amount of finance costs included in the cost of fixed assets is £134,000 (1999: £134,000).

Certain freehold and leasehold land and buildings were valued by Healey & Baker, Chartered Surveyors, at 1 May 1999, on the basis of current usage open market value in accordance with the Appraisal and Valuation Manual of The Royal Institute of Chartered Surveyors.

A further property was valued, as at 31 October 1998, by the directors, after having taken independent expert advice, at open market value for residential development based on planning permission reasonably anticipated at that time.

Userve Limited

NOTES TO THE ACCOUNTS

at 29 April 2000

10. TANGIBLE FIXED ASSETS (continued)

	2000 £'000	1999 £'000
The net book value of land and buildings comprises:		
At valuation:		
Freehold	12,568	13,316
Long leasehold	347	360
	<u>12,915</u>	<u>13,676</u>
At cost less depreciation:		
Freehold	2,792	382
Site improvements	581	30
	<u>16,288</u>	<u>14,088</u>

The historical cost of freehold and leasehold land and buildings is as follows:

	2000 £'000	1999 £'000
At cost	<u>12,183</u>	<u>10,173</u>
Cumulative depreciation based on cost at the end of the year:	<u>904</u>	<u>803</u>

Included in land and buildings is land with a value of £13,869,000 (1999: £12,435,000) which is not subject to depreciation.

Included in tangible fixed assets are the following assets held under finance leases or hire purchase contracts:

	2000 £'000	1999 £'000
Net book values at end of year:		
Plant, machinery and motor vehicles	<u>241</u>	<u>287</u>

11. INVESTMENTS

	2000 £'000	1999 £'000
Unquoted investments - at cost	5	5
Less provision for diminution in value	(5)	(5)
	<u>-</u>	<u>-</u>

In the directors' opinion, the value of the unquoted investment is £100 (1999: £100).

Userve Limited

NOTES TO THE ACCOUNTS

at 29 April 2000

12. STOCKS

	2000 £'000	1999 £'000
Vehicles or components for resale	3,327	3,812

13. DEBTORS

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Trade debtors	2,352	3,837
Prepayments and other debtors	1,411	2,040
ACT recoverable	246	246
	4,009	6,123

14. CREDITORS: amounts falling due within one year

	2000 £'000	1999 £'000
Bank overdraft	1,559	2,478
Bank loans and mortgages	207	990
Trade creditors	3,886	5,409
Amounts due to parent undertaking	302	37
Amount due to group undertakings	-	260
Corporation tax	1,303	87
Other taxes and social security costs	1,146	1,269
Net obligations under finance lease and hire purchase contracts (note 16)	14	66
Accruals and deferred income	1,581	1,035
Proposed final dividend	673	242
	10,671	11,873

The bank overdraft is secured by a fixed charge over certain properties.

15. CREDITORS: amounts falling due after more than one year

	2000 £'000	1999 £'000
Bank loans and mortgages	2,346	3,353
Amounts due to parent undertaking	1,000	1,000
Net obligations under finance lease and hire purchase contracts (note 16)	43	57
	3,389	4,410

NOTES TO THE ACCOUNTS

at 29 April 2000

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR
(Continued)

The bank loans and mortgages are secured by a charge over certain properties and fleet transporters.

The bank loan comprises a revolving facility of £7,000,000 of which £2,000,000 was drawdown at 29 April 2000. It bears interest at 1.25% over London Inter Bank Offered Rate (LIBOR).

The mortgage outstanding of £553,000 is repayable over 5 years by equal monthly instalments (including interest) and bears interest at the greater of 7% and 1% over Finance House Borrowing Rate (FHBR). It will be fully repaid in October 2002.

The maturity of these amounts is as follows:

	2000 £'000	1999 £'000
within one year	207	990
between one and two years	225	1,007
between two and five years	121	2,346
over five years	2,000	-
	<u>2,553</u>	<u>4,343</u>

16. OBLIGATIONS UNDER FINANCE LEASE AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2000 £'000	1999 £'000
Within one year	19	74
Between two and five years	48	67
	<u>67</u>	<u>141</u>
Finance charges and interest allocated to future accounting periods	(10)	(18)
	<u>57</u>	<u>123</u>
Included in current liabilities	(14)	(66)
	<u>43</u>	<u>57</u>

NOTES TO THE ACCOUNTS
at 29 April 2000

17. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Provided</i>		<i>Not provided</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Deferred taxation				
Accelerated capital allowances	-	-	593	529
Other timing differences	21	50	-	-
Capital gains on asset revaluations and rolled over gains	-	-	1,545	1,540
	<u>21</u>	<u>50</u>	<u>2,138</u>	<u>2,069</u>

Movements on the provision for deferred taxation are:

	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>
At 2 May 1999	50	188
Release in year	(29)	(138)
At 29 April 2000	<u>21</u>	<u>50</u>

No provision has been made for tax on revaluation surpluses and rolled over gains. Any gains anticipated on properties for sale are expected to be rolled over on future acquisitions.

18. SHARE CAPITAL

	<i>2000</i>	<i>1999</i>
	<i>£'000</i>	<i>£'000</i>
Authorised:		
50,000 ordinary shares of £1 each	50	50
Allotted, called up and fully paid:		
25,000 ordinary shares of £1 each	<u>25</u>	<u>25</u>

NOTES TO THE ACCOUNTS
at 29 April 2000

19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £'000</i>	<i>Revaluation reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 May 1998	25	3,252	7,706	10,983
Realised revaluation on sale of properties	-	(294)	294	-
Revaluation of properties	-	1,526	-	1,526
Profit for the year after taxation	-	-	200	200
Dividends	-	-	(269)	(269)
At 2 May 1999	25	4,484	7,931	12,440
Realised revaluation on sale of properties	-	(252)	252	-
Profit after tax	-	-	3,855	3,855
Dividend	-	-	(942)	(942)
At 29 April 2000	25	4,232	11,096	15,353

20. CAPITAL COMMITMENTS

	<i>2000 £'000</i>	<i>1999 £'000</i>
Contracted not provided	300	-

21. OTHER FINANCIAL COMMITMENTS

At 29 April 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2000 £'000</i>	<i>1999 £'000</i>	<i>2000 £'000</i>	<i>1999 £'000</i>
Operating leases which expire:				
within one year	55	126	13	46
between two and five years	109	284	-	4
over five years	68	71	66	66
	232	481	79	116

NOTES TO THE ACCOUNTS

at 29 April 2000

22. TRANSACTIONS WITH DIRECTORS AND THEIR CONNECTED PARTIES

During the year, the company paid £10,000 (1999: £70,000) to Luton Town Football and Athletic Company Limited, a company connected with C S Bassett, a former director, in respect of sponsorship and entertaining services provided. This contract has ceased during the year and no balance was owed or owing at the year end.

Following the resignation of C S Bassett as a director on 31 December 1999, the Group has entered into a consultancy agreement with him. £32,500 was payable in respect of the current year and none was owed or owing at the year end.

23. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Universal Salvage plc registered in England and Wales which is also the parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member. The group accounts are available from the registered office (page 2).