

Userve Limited

Report and Accounts

28 April 2001

Company Number 929621



Userve Limited

Company No: 929621

DIRECTORS

M C Hynes

B Hobbs

A J McGill (resigned 12.10.01)

J M Dearman (resigned 13.10.00)

K Tarren (resigned 13.10.00)

B Chudasama (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

A E Thomas

AUDITORS

Arthur Andersen

180 Strand

London

WC2R 1BL

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors present their report and the company's accounts for the year ended 28 April 2001.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company is a leading provider to the UK motor industry specialising in vehicle salvage, the collection, storage and disposal on a wholesale basis of accident damaged vehicles covering cars, motorbikes and commercial vehicles. This includes operators of auctions, the disposal of end of life vehicles, external training, repair and resale, sales of parts, servicing, commerce and property owners. The results show a strong trading performance.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 7.

During the year the company paid an interim dividend of £294,000 (2000: £269,000).

A final dividend of £837,000 (2000: £673,000) is proposed.

The retained profit of £3,425,000 (2000 restated: £2,849,000) 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 £5,696 (2000: £6,269) 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 23 days (2000: 20 days).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are shown on page 2. The directors at 28 April 2001 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>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>	<i>Executive</i>	<i>2001</i>
					<i>2000</i>	
M C Hynes	207,500	283,000	17,889	17,889	250,101	257,601
B Hobbs	10,000	35,000	—	—	217,581	223,831
A J McGill	10,000	10,000	—	—	210,070	210,070
J Cook	—	—	5,532	—	26,247	—

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 directors recognise the importance of communication with employees. Members of the management team regularly visit sites and discuss with members of staff matters of current interest and concern to the business.

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 the Group report and accounts is available to every employee.

The directors encourage a policy of equal opportunity employment throughout the Company. 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)

Our approach to this issue is disclosed in the group accounts of Universal Salvage plc.

AUDITORS

A resolution to reappoint Arthur Andersen as auditors will be put to the members at the Annual General Meeting.

By Order of the Board



A E Thomas
Secretary

15 January 2002

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.

Report Of The Auditors To the Shareholders of Userve Limited

We have audited the accounts of Userve Limited for the year ended 28 April 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Note of historical cost profits and losses and the related Notes numbered 1 to 25. These accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited accounts. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 28 April 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

180 Strand

London WC2R 1BL

15 January 2002

Userve Limited

PROFIT AND LOSS ACCOUNT

For the year ended 28 April 2001

		2001	Restated 2000
	Notes	£'000	£'000
TURNOVER	2	83,905	87,225
Cost of sales		(64,899)	(69,977)
GROSS PROFIT		19,006	17,248
Administrative expenses		(12,661)	(11,995)
		6,345	5,253
Other operating income		435	439
OPERATING PROFIT	3	6,780	5,692
Profit on sale of properties	4	–	107
Interest receivable		24	53
Interest payable	5	(248)	(306)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,556	5,546
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(2,000)	(1,755)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,556	3,791
Dividends	8	(1,131)	(942)
RETAINED PROFIT		3,425	2,849

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 total recognised gains and losses

	<i>2001</i> <i>£'000</i>	<i>Restated</i> <i>2000</i> <i>£'000</i>
For the year ended 28 April 2001:		
Total recognised gains and losses relating to the year, being profit on ordinary activities after taxation	4,556	3,791
Prior year adjustment (as explained in note 7)	(593)	–
Total recognised gains and losses since the last annual report	<u>3,963</u>	<u>3,791</u>

Note of historical cost profits and losses

	<i>2001</i> <i>£'000</i>	<i>Restated</i> <i>2000</i> <i>£'000</i>
For the year ended 28 April 2001:		
Reported profit on ordinary activities before taxation	6,556	5,546
Realisation of property revaluation gains of previous years	–	252
Historical cost profit on ordinary activities before taxation	<u>6,556</u>	<u>5,798</u>
Historical cost profit retained after taxation, dividends and other appropriations	<u>3,425</u>	<u>3,101</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.

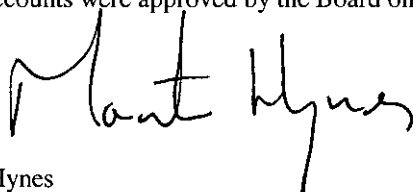
Userve Limited

BALANCE SHEET

At 28 April 2001

		2001	Restated 2000
	Notes	£'000	£'000
FIXED ASSETS			
Intangible assets	10	–	90
Tangible assets	11	25,717	22,000
Investments	12	–	–
		<u>25,717</u>	<u>22,090</u>
CURRENT ASSETS			
Stocks	13	3,973	3,327
Debtors	14	3,975	4,009
Cash at bank and in hand		8	8
		<u>7,956</u>	<u>7,344</u>
CREDITORS: amounts falling due within one year	15	(9,794)	(10,671)
NET CURRENT LIABILITIES		<u>(1,838)</u>	<u>(3,327)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,879</u>	<u>18,763</u>
CREDITORS: amounts falling due after more than one year	16	(4,870)	(3,389)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(824)	(614)
		<u>18,185</u>	<u>14,760</u>
CAPITAL AND RESERVES			
Called up share capital	19	25	25
Revaluation reserve	20	4,232	4,232
Profit and loss account	20	13,928	10,503
EQUITY SHAREHOLDERS' FUNDS		<u>18,185</u>	<u>14,760</u>

The accounts were approved by the Board on 15 January 2002 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 28 April 2001

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been consistently applied throughout the year and the preceding year, except for the policy on deferred tax which has been changed as explained in note 7, to comply with Financial Reporting Standard (FRS) 19.

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 28 April 2001 being the nearest Saturday to 30 April 2001.

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 28 April 2001

1. ACCOUNTING POLICIES (continued)

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 tax is recognised in respect of all timing differences that have been 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 Company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the accounts. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the 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.

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 the shorter of their lease terms and 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.

Pensions

The company operates defined contribution pension schemes for directors and employees. 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.

NOTES TO THE ACCOUNTS

at 28 April 2001

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:

	2001 £'000	2000 £'000
Depreciation of owned fixed assets	1,646	954
Depreciation of assets held under finance leases and hire purchase contracts	41	46
Amortisation and write off of goodwill	90	—
Operating lease rentals - land and buildings	298	386
- hire of plant and machinery	66	88
Auditors' remuneration - Ernst & Young audit services	—	8
- Arthur Andersen audit services	45	37
- Ernst & Young non audit services	—	55
- Arthur Andersen non audit services	49	16

4. PROFIT ON SALE OF PROPERTIES

	2001 £'000	2000 £'000
Profit arising on disposal of surplus properties	-	107

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

5. INTEREST PAYABLE

	2001 £'000	2000 £'000
On bank loans and overdrafts	243	298
Lease finance charges and hire purchase interest	5	8
	248	306

NOTES TO THE ACCOUNTS
at 28 April 2001

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000	Restated 2000 £'000
The taxation charge based on the profit before tax comprises:		
UK corporation tax	1,849	1,721
Deferred taxation provision – origination and reversal of timing differences	210	35
	<u>2,059</u>	<u>1,756</u>
Prior years:		
UK corporation tax	(59)	(1)
	<u>2,000</u>	<u>1,755</u>
 (a) <i>Factors affecting tax charge for the period</i>		
Profit on ordinary activities before tax	<u>6,556</u>	<u>5,546</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2000 : 30%)	1,967	1,664
Effects of:		
Expenses not deductible for tax purposes (primarily depreciation on assets not qualifying for capital allowances and goodwill amortisation/write off)	121	121
Capital allowances for period in excess of depreciation	(239)	(64)
Adjustment to tax charge in respect of previous periods	(59)	(1)
Current tax charge for period	<u>1,790</u>	<u>1,720</u>

(b) *Factors that may affect future tax charges*

Based on current capital investment plans, the Company expects that in future years capital allowances will be broadly similar to depreciation.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £1,545,000 (2000: £1,545,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

NOTES TO THE ACCOUNTS

at 28 April 2001

7. PRIOR YEAR ADJUSTMENT

The Group has adopted FRS 19 'Deferred tax' in the accounts for the year ended 28 April 2001. Previously deferred tax was only provided to the extent that timing differences were expected to reverse in the future without being replaced.

Deferred tax is now provided 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. The accounting policy in note 1 describes the full deferred tax policy.

This results in a prior year adjustment to increase the deferred tax provision and decrease brought forward reserves by £593,000. In addition there is a current year increase in the provision and overall tax charge of £239,000 as a result of implementing FRS 19. Without implementation of FRS 19 the effect of deferred tax on the tax charge would be to reduce it by £29,000 in the year. The actual net deferred tax charge is therefore £210,000. The total provision for deferred tax at 28 April 2001 is £824,000 (2000: £614,000). The comparative figures in the primary statements and notes have been restated to reflect the adoption of FRS 19.

The effects of adopting FRS 19 are summarised below:

	2001 £'000	2000 £'000
Profit and loss account:		
Increase in corporation tax charge (deferred tax)	239	64
Decrease in profit for the financial year	239	64
Balance sheet:		
Increase in provision for liabilities and charges (deferred tax)	239	64
Decrease in net assets for the financial year	239	64

8. DIVIDENDS

	2001 £'000	2000 £'000
Equity dividends on ordinary shares:		
Interim paid 1.1p (2000: 1.0p)	294	269
Final proposed 3.1p (2000: 2.5p)	837	673
	1,131	942

Userve Limited

NOTES TO THE ACCOUNTS at 28 April 2001

9. STAFF AND DIRECTORS

	2001 £'000	2000 £'000
Staff costs:		
Wages and salaries	9,747	8,940
Social security costs	988	809
Other pension costs	197	141
	<u>10,932</u>	<u>9,890</u>

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

	2001 No	2000 No
Site and transportation	240	241
Office and management	225	186
	<u>465</u>	<u>427</u>

	2001 £'000	2000 £'000
Directors' emoluments:		
Salaries and benefits	697	885
Compensation for loss of office	—	163
Bonuses - Profit related	44	231
	<u>741</u>	<u>1,279</u>
Pension contributions in respect of directors	50	79
	<u>791</u>	<u>1,358</u>

The above amounts do not include gains made on the exercise of share options. No directors exercised share options in the period (2000: 2).

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 during the year was 9 (2000: 8).

The emoluments of the highest paid director, were:

	2001 £'000	2000 £'000
Salaries and benefits	176	118
Compensation	—	118
	<u>176</u>	<u>236</u>
Subtotal (excluding pension contributions)	10	8
Pension contributions	<u>186</u>	<u>244</u>

Userve Limited

NOTES TO THE ACCOUNTS at 28 April 2001

10. INTANGIBLE ASSETS

	<i>Goodwill</i> <i>£'000</i>
Cost:	
At 28 April 2001 and 29 April 2000	90
Amortisation:	
At 29 April 2000	—
Written off during year	90
At 28 April 2001	90
Net book value:	
At 29 April 2000	90
At 28 April 2001	—

The goodwill arising on the acquisition in the last financial year of the intellectual property rights of Select Online Spares Ltd was written off during the year.

11. TANGIBLE FIXED ASSETS

	<i>Land and buildings</i> <i>£'000</i>	<i>Plant, machinery and motor vehicles</i> <i>£'000</i>	<i>Office equipment</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Cost or valuation:				
At 29 April 2000	16,415	7,433	1,475	25,323
Additions	852	2,096	2,141	5,089
Transfers from current assets	—	828	—	828
Reclassification	30	(30)	—	—
Disposals	(4)	(340)	(296)	(640)
Transfer to current assets	—	(692)	—	(692)
At 28 April 2001	17,293	9,295	3,320	29,908

Userve Limited

NOTES TO THE ACCOUNTS at 28 April 2001

11. TANGIBLE FIXED ASSETS (continued)

	<i>Land and buildings £'000</i>	<i>Plant, machinery and motor vehicles £'000</i>	<i>Office equipment £'000</i>	<i>Total £'000</i>
Depreciation:				
At 29 April 2000	127	2,675	521	3,323
Provided during the year	205	1,197	286	1,688
Disposals	(1)	(283)	(296)	(580)
Transfer to current assets	—	(240)	—	(240)
At 28 April 2001	331	3,349	511	4,191
Net book value:				
At 28 April 2001	16,962	5,946	2,809	25,717
At 29 April 2000	16,288	4,758	954	22,000

No interest was capitalised into fixed assets in the year ended 28 April 2001 (2000: £Nil). The total amount of finance costs included in the cost of fixed assets is £134,000 (2000: £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. Subsequent additions are recorded at cost.

A further property was valued 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.

	<i>2001 £'000</i>	<i>2000 £'000</i>
The net book value of land and buildings comprises:		
At valuation:		
Freehold	12,489	12,568
Long leasehold	343	347
	12,832	12,915
At cost less depreciation:		
Freehold	3,281	2,792
Site improvements	849	581
	16,962	16,288

NOTES TO THE ACCOUNTS
at 28 April 2001

11. TANGIBLE FIXED ASSETS (continued)

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

	2001 £'000	2000 £'000
At cost	13,061	12,183
Cumulative depreciation based on cost	1,010	904

Included in land and buildings is land with a value of £14,099,000 (2000: £13,869,000) which is not subject to depreciation.

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

	2001 £'000	2000 £'000
Net book values: Plant, machinery and motor vehicles	200	241

12. INVESTMENTS

	2001 £'000	2000 £'000
Unquoted investments - at cost	5	5
Less provision for diminution in value	(5)	(5)
	-	-

In the directors' opinion, the value of the unquoted investment is £100 (2000: £100). This was subsequently sold for £100,000.

13. STOCKS

	2001 £'000	2000 £'000
Vehicles or components for resale	3,973	3,327

14. DEBTORS

	2001 £'000	2000 £'000
Amounts falling due within one year:		
Trade debtors	2,304	2,352
Prepayments and other debtors	1,671	1,411
ACT recoverable	-	246
	3,975	4,009

NOTES TO THE ACCOUNTS
at 28 April 2001

15. CREDITORS: amounts falling due within one year

	2001 £'000	2000 £'000
Bank overdraft	1,074	1,559
Bank loans and mortgages	229	207
Trade creditors	3,481	3,886
Amounts due to parent undertaking	168	302
Corporation tax	1,218	1,303
Other taxes and social security costs	1,009	1,146
Net obligations under finance lease and hire purchase contracts (note 17)	16	14
Accruals and deferred income	1,762	1,581
Proposed final dividend	837	673
	<u>9,794</u>	<u>10,671</u>

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

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

	2001 £'000	2000 £'000
Bank loans and mortgages	3,843	2,346
Amounts due to parent undertaking	1,000	1,000
Net obligations under finance lease and hire purchase contracts (note 17)	27	43
	<u>4,870</u>	<u>3,389</u>

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 £3,750,000 was drawdown at 28 April 2001. It bears interest at 1.0% over London Inter Bank Offered Rate (LIBOR).

The mortgage outstanding of £322,000 is repayable over 5 years by equal monthly instalments (including interest) and bears interest at the greater of 7.0% and 1.0% over Finance House Borrowing Rate (FHBR). It will be fully repaid in August 2002.

The maturity of these amounts is as follows:

	2001 £'000	2000 £'000
within one year	229	207
between one and two years	93	225
between two and five years	—	121
over five years	3,750	2,000
	<u>4,072</u>	<u>2,553</u>

NOTES TO THE ACCOUNTS

at 28 April 2001

17. OBLIGATIONS UNDER FINANCE LEASE AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2001 £'000	2000 £'000
Within one year	19	19
Between two and five years	29	48
	48	67
Finance charges and interest allocated to future accounting periods	(5)	(10)
	43	57
Included in current liabilities	(16)	(14)
	27	43

18. PROVISIONS FOR LIABILITIES AND CHARGES

Movements on the provision are:

	Deferred Taxation £'000
At 29 April 2000	21
Restatement on adoption of FRS19	593
	614
Charge in year	210
At 28 April 2001	824

	2001 £'000	2000 £'000
<i>Analysis of the provision:</i>		
Deferred taxation		
– Accelerated capital allowances	832	593
– Other timing differences	(8)	21
	824	614

19. SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised:		
50,000 ordinary shares of £1 each	50	50
Allotted, called up and fully paid:		
25,000 ordinary shares of £1 each	25	25

NOTES TO THE ACCOUNTS
at 28 April 2001

20. 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 29 April 2000	25	4,232	11,096	15,353
Prior year adjustment	—	—	(593)	(593)
At 29 April 2000 as restated	25	4,232	10,503	14,760
Profit after tax	—	—	4,556	4,556
Dividend	—	—	(1,131)	(1,131)
At 28 April 2001	25	4,232	13,928	18,185

21. CAPITAL COMMITMENTS

	<i>2001 £'000</i>	<i>2000 £'000</i>
Contracted not provided	2,052	300

22. OTHER FINANCIAL COMMITMENTS

At 28 April 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2001 £'000</i>	<i>2000 £'000</i>	<i>2001 £'000</i>	<i>2000 £'000</i>
Operating leases which expire:				
within one year	80	55	13	13
between two and five years	218	109	—	—
over five years	69	68	—	66
	367	232	13	79

23. TRANSACTIONS WITH DIRECTORS AND THEIR CONNECTED PARTIES

The company has a consultancy agreement with C S Bassett, a significant shareholder and former director of the Ultimate parent undertaking. £97,500 (2000: £32,500) was payable in respect of the current year and none was owed or owing at the year end.

NOTES TO THE ACCOUNTS

at 28 April 2001

24. SUBSEQUENT EVENTS

On 26 October 2001, the company sold its unlisted investment for a consideration of £100,000 to Mr C Bassett. The book value of the investment was £100.

25. 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).