

Userve Limited

Report and Financial Statements

27 April 2002

Company Number 929621



Userve Limited

Company No: 929621

DIRECTORS

M C Hynes

B Hobbs (resigned 28.02.02)

A J McGill (resigned 12.10.01)

J Cook

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

DIRECTORS' REPORT

The directors present their report and the company's financial statements for the year ended 27 April 2002.

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 8.

A final dividend of £1,067,000 (2001: £837,000) is proposed, making a total dividend for the year of £1,415,000 (2001: £1,131,000).

The retained profit of £2,870,000 (2001: £3,425,000) 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 £6,492 (2001: £5,696) 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 19 days (2001: 23 days).

DIRECTORS AND THEIR INTERESTS

The directors have no interest in the shares of the company. The directors are directors of the parent company, Universal Salvage plc, and their interests in the shares of that company are shown in its accounts.

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

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.

DIRECTORS' REPORT (continued)

EMPLOYEES (continued)

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 through our share ownership schemes. A copy of this report and accounts is available to every employee.

The Company encourages a policy of equal opportunity employment at all times. 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 are 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. A Company HSE Officer was appointed on 1 August 2001 to co-ordinate and control the processes involved in ensuring those targets are communicated and achieved.

An HSE forum has been established that brings together the expertise of the Company's operational management and ensures that industry best practice is monitored and implemented across the Company. The forum enables staff responsible for such issues to discuss matters concerning them with senior management. A unified policy has been applied to all operating sites where branch managers, assisted by qualified safety representatives who each hold the NEBOSH General Certificate in HSE, 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.

Our safety initiatives are continuing to reduce the risks of accidents, and we are committed to making the workplace safer for everyone who works for us. However, we still have scope to improve our performance and we intend to recruit a full time health and safety officer in the Company to assist with our objectives for the future.

Universal Salvage has recognised that it must respect the balance between industrial operations and the ongoing need to create a sustainable environment.

It is the Company's aim to add to rather than detract from the environment, and to achieve this aim all of our staff are encouraged by way of a suggestion scheme to offer their thoughts on how we can improve our current operations in ways that complement our environment.

The environmental policy operated by the Company reinforces our commitment to integrate sound environmental practices within our daily operations as part of the Company's culture.

We continue to develop a structured approach to addressing environmental issues and have devoted time and resources in the search for new and better ways to manage and control our impact on our environment.

DIRECTORS' REPORT (continued)

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 handwritten signature in black ink, appearing to read 'A E Thomas', written over the text 'By Order of the Board'.

A E Thomas
Secretary

24 June 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS

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.

INDEPENDENT AUDITORS REPORT

To the shareholders of Userve Limited

We have audited the financial statements of Userve Limited for the year ended 27 April 2002 which comprise the Profit and loss account, Balance sheet and the related notes numbered 1 to 25. These financial statements 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 financial statements 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 financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 27 April 2002 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
24 June 2002

Userve Limited

PROFIT AND LOSS ACCOUNT

For the year ended 27 April 2002

	<i>Notes</i>	<i>2002 £'000</i>	<i>2001 £'000</i>
TURNOVER	2	85,917	83,905
Cost of sales		(64,570)	(64,899)
GROSS PROFIT		21,347	19,006
Administrative expenses		(15,347)	(12,661)
		6,000	6,345
Other operating income		444	435
OPERATING PROFIT	3	6,444	6,780
Profit on sale of unlisted investment	4	100	–
Interest receivable		12	24
Interest payable	5	(272)	(248)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,284	6,556
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(1,999)	(2,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,285	4,556
Dividends	8	(1,415)	(1,131)
RETAINED PROFIT		2,870	3,425

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>2002</i> <i>£'000</i>	<i>2001</i> <i>£'000</i>
For the year ended 27 April 2002:		
Profit on ordinary activities after taxation for year	4,285	4,556
Surplus on revaluation of properties	608	—
Prior year adjustment (as explained in note 7)	—	(593)
Total recognised gains and losses since the last annual report	<u>4,893</u>	<u>3,963</u>

No statement of historic cost profits is presented as the historic cost profit is not materially different from the reported profit.

The accompanying notes are an integral part of this statement of recognised gains and losses.

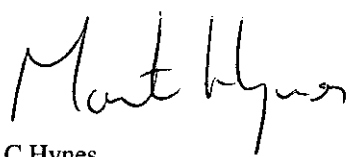
Userve Limited

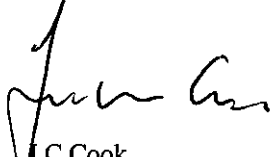
BALANCE SHEET

At 27 April 2002

	Notes	2002 £'000	2001 £'000
FIXED ASSETS			
Intangible assets	10	–	–
Tangible assets	11	30,483	25,717
Investments	12	–	–
		<u>30,483</u>	<u>25,717</u>
CURRENT ASSETS			
Stocks	13	3,915	3,973
Debtors	14	4,324	3,975
Cash at bank and in hand		1,054	8
		<u>9,293</u>	<u>7,956</u>
CREDITORS: amounts falling due within one year	15	<u>(9,324)</u>	<u>(9,794)</u>
NET CURRENT LIABILITIES		<u>(31)</u>	<u>(1,838)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>30,452</u>	<u>23,879</u>
CREDITORS: amounts falling due after more than one year	16	(7,661)	(4,870)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(1,128)	(824)
NET ASSETS		<u>21,663</u>	<u>18,185</u>
CAPITAL AND RESERVES			
Called up share capital	19	25	25
Revaluation reserve	20	4,840	4,232
Profit and loss account	20	16,798	13,928
EQUITY SHAREHOLDERS' FUNDS		<u>21,663</u>	<u>18,185</u>

The accounts were approved by the Board on 24 June 2002 and signed on its behalf by:


M C Hynes
Director


J C Cook
Director

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

NOTES TO THE ACCOUNTS

at 27 April 2002

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 27 April 2002 being the nearest Saturday to 30 April 2002.

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. In accordance with FRS 15, an interim review has been performed by external valuer at 27 April 2002, and the revaluations arising from this have been included in these financial statements.

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.

Grants

Grants and contributions relating to development of operating land have been deducted from the cost of fixed assets. This is not in accordance with Schedule 4 of the Companies Act 1985 which requires fixed assets to be shown at their purchase price or production cost and hence grants and contributions would be presented as deferred income. This departure from the Act is, in the opinion of the directors, necessary for the financial statements to give a true and fair view as no provision is made for depreciation and any grants and contributions relating to such assets would not be taken to the profit and loss account. The financial effects of this accounting policy are set out in note 11 Tangible Fixed Assets.

NOTES TO THE ACCOUNTS (continued)
at 27 April 2002

1. ACCOUNTING POLICIES (continued)

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

Stocks

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.

NOTES TO THE ACCOUNTS (continued)
at 27 April 2002

1. ACCOUNTING POLICIES (continued)

Leasing and hire purchase commitments (continued)

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.

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

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:

	2002 £'000	2001 £'000
Depreciation of owned fixed assets	1,992	1,646
Depreciation of assets held under finance leases and hire purchase contracts	125	41
Amortisation and write off of goodwill	-	90
Operating lease rentals - land and buildings	411	298
- hire of plant and machinery	27	66
Auditors' remuneration - Arthur Andersen audit services	45	45
- Arthur Andersen non audit services	37	49
Costs relating to an abortive site acquisition in Scotland	204	-
Costs of reorganising continuing operations	507	-
	<u> </u>	<u> </u>

Userve Limited

NOTES TO THE ACCOUNTS (continued) at 27 April 2002

4. PROFIT ON SALE OF UNLISTED INVESTMENT

	2002 £'000	2001 £'000
Profit arising on disposal of unlisted investment	100	-

The capital gain arising on the disposal of the investment has been provided for in the tax provision for the year.

5. INTEREST PAYABLE

	2002 £'000	2001 £'000
On bank loans and overdrafts	269	243
Lease finance charges and hire purchase interest	3	5
	<u>272</u>	<u>248</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £'000	2001 £'000
The taxation charge based on the profit before tax comprises:		
UK corporation tax	1,821	1,849
Prior years:		
UK corporation tax	(126)	(59)
	<u>1,695</u>	<u>1,790</u>
Deferred taxation provision – origination and reversal of timing differences	304	210
	<u>1,999</u>	<u>2,000</u>

(a) Factors affecting tax charge for the period

Profit on ordinary activities before tax	<u>6,284</u>	<u>6,556</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 : 30%)	1,885	1,967
<i>Effects of:</i>		
Expenses not deductible for tax purposes (primarily costs relating to an abortive site acquisition in Scotland and disallowed expenses)	242	92
Capital allowances for period in excess of depreciation	(303)	(239)
Other timing differences	(1)	29
Indexation allowance on capital gains	(2)	-
Adjustment to tax charge in respect of previous periods	(126)	(59)
Current tax charge for period	<u>1,695</u>	<u>1,790</u>

NOTES TO THE ACCOUNTS (continued)
at 27 April 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(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 £1,727,000 (2001: £1,545,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

7. PRIOR YEAR ADJUSTMENT

The Company adopted FRS 19 'Deferred tax' in the financial statements 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 resulted in a prior year adjustment to the financial statements for the year ended 28 April 2001 to increase the deferred tax provision and decrease brought forward reserves by £593,000. In addition there was an increase in the provision and overall tax charge of £239,000 in that year as a result of implementing FRS 19. Without implementation of FRS 19 the effect of deferred tax on the tax charge in that year would have been 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.

8. DIVIDENDS

	2002 £'000	2001 £'000
Equity dividends on ordinary shares:		
Interim paid £13.92 (2001: £11.76)	348	294
Final proposed £42.68 (2001: £33.48)	1,067	837
	<u>1,415</u>	<u>1,131</u>

9. STAFF AND DIRECTORS

	2002 £'000	2001 £'000
Staff costs:		
Wages and salaries	10,034	9,747
Social security costs	1,002	988
Other pension costs	205	197
	<u>11,241</u>	<u>10,932</u>

Userve Limited

NOTES TO THE ACCOUNTS (continued) at 27 April 2002

9. STAFF AND DIRECTORS (continued)

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

	2002 No	2001 No
Site and transportation	227	240
Office and management	236	225
	<u>463</u>	<u>465</u>
	2002 £'000	2001 £'000
Directors' emoluments:		
Salaries and benefits	470	697
Compensation for loss of office	314	-
Bonuses - Profit related	-	44
	<u>784</u>	<u>741</u>
Pension contributions in respect of directors	43	50
	<u>827</u>	<u>791</u>

The above amounts do not include gains made on the exercise of share options in the Ultimate holding company. The gains on exercise of those options are disclosed in the financial statements of Universal Salvage plc. 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 4 (2001: 9).

The emoluments of the highest paid director, were:

	2002 £'000	2001 £'000
Salaries and benefits	113	176
Compensation	168	-
	<u>281</u>	<u>176</u>
Subtotal (excluding pension contributions)	11	10
Pension contributions		
	<u>292</u>	<u>186</u>

NOTES TO THE ACCOUNTS (continued)
at 27 April 2002

10. INTANGIBLE ASSETS

	<i>Goodwill</i> £'000
Cost:	
At 28 April 2001 and 27 April 2002	90
Amortisation:	
At 28 April 2001 and 27 April 2002	90
Net book value:	
At 28 April 2001	—
At 27 April 2002	—
The goodwill arising on acquisitions have been written off in previous years.	

11. TANGIBLE FIXED ASSETS

	<i>Land and buildings</i> £'000	<i>Plant, machinery and motor vehicles</i> £'000	<i>Office equipment</i> £'000	<i>Total</i> £'000
Cost or valuation:				
At 28 April 2001	17,293	9,295	3,320	29,908
Additions	3,504	1,552	2,166	7,222
Grants received	(621)	—	—	(621)
Transfers from current assets	—	421	—	421
Revaluation	(7)	—	—	(7)
Disposals	(19)	(18)	(10)	(47)
Transfer to current assets	—	(1,234)	—	(1,234)
At 27 April 2002	20,150	10,016	5,476	35,642

NOTES TO THE ACCOUNTS (continued)
at 27 April 2002

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 28 April 2001	331	3,349	511	4,191
Provided during the year	285	1,303	529	2,117
Disposals	(1)	(11)	(7)	(19)
Revaluation	(615)	—	—	(615)
Transfer to current assets	—	(515)	—	(515)
At 27 April 2002	—	4,126	1,033	5,159
Net book value:				
At 27 April 2002	20,150	5,890	4,443	30,483
At 28 April 2001	16,962	5,946	2,809	25,717

No interest was capitalised into fixed assets in the year ended 27 April 2002 (2001: £Nil). The total amount of finance costs included in the cost of fixed assets is £134,000 (2001: £134,000).

The company has received a government agency grant of £621,000 as a contribution towards the development of operating land. This contribution has been deducted from the cost of the development of the land.

All of the freehold and leasehold land and buildings were valued by Healey & Baker, Chartered Surveyors, at 27 April 2002, on the basis of current usage open market value in accordance with the Appraisal and Valuation Manual of The Royal Institute of Chartered Surveyors.

	<i>2002 £'000</i>	<i>2001 £'000</i>
The net book value of land and buildings comprises:		
At valuation:		
Freehold	19,725	12,489
Long leasehold	425	343
	20,150	12,832
At cost less depreciation:		
Freehold	—	3,281
Site improvements	—	849
	20,150	16,962

NOTES TO THE ACCOUNTS (continued)
at 27 April 2002

11. TANGIBLE FIXED ASSETS (continued)

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

	2002 £'000	2001 £'000
At cost	15,310	13,061
Cumulative depreciation based on cost	1,287	1,010

Included in land and buildings is land with a value of £15,638,000 (2001: £14,099,000) which is not subject to depreciation.

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

	2002 £'000	2001 £'000
Net book values: Plant, machinery and motor vehicles	75	200

12. INVESTMENTS

	2002 £'000	2001 £'000
Unquoted investments - at cost	5	5
Impairment loss	-	(5)
Less disposal	(5)	-
	-	-

On 26 October 2001, the company sold its unlisted investment for a consideration of £100,000 to Mr C Bassett, a significant shareholder of the ultimate holding company, Universal Salvage plc. The book value of the investment was £100. The value of the sale was at the directors' own valuation.

13. STOCKS

	2002 £'000	2001 £'000
Vehicles or components for resale	3,915	3,973

14. DEBTORS

	2002 £'000	2001 £'000
Amounts falling due within one year:		
Trade debtors	2,537	2,304
Prepayments and other debtors	1,787	1,671
	4,324	3,975

NOTES TO THE ACCOUNTS (continued)
at 27 April 2002

15. CREDITORS: amounts falling due within one year

	2002 £'000	2001 £'000
Bank overdraft	1,472	1,074
Bank loans and mortgages	92	229
Trade creditors	3,120	3,481
Amounts due to parent undertaking	-	168
Corporation tax	810	1,218
Other taxes and social security costs	1,254	1,009
Net obligations under finance lease and hire purchase contracts (note 17)	17	16
Accruals and deferred income	1,492	1,762
Proposed final dividend	1,067	837
	<u>9,324</u>	<u>9,794</u>

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

The mortgage outstanding of £92,000 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.

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

	2002 £'000	2001 £'000
Bank loans and mortgages	5,300	3,843
Amounts due to parent undertaking	2,351	1,000
Net obligations under finance lease and hire purchase contracts (note 17)	10	27
	<u>7,661</u>	<u>4,870</u>

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

The bank loan comprises a revolving facility of £6,750,000 of which £5,300,000 was drawdown at 27 April 2002. It bears interest at 0.9% over London Inter Bank Offered Rate (LIBOR).

The maturity of these amounts is as follows:

	2002 £'000	2001 £'000
within one year	92	229
between one and two years	550	93
between two and five years	4,750	-
over five years	-	3,750
	<u>5,392</u>	<u>4,072</u>

NOTES TO THE ACCOUNTS (continued)
at 27 April 2002

17. OBLIGATIONS UNDER FINANCE LEASE AND HIRE PURCHASE CONTRACTS

The maturity of the bank loans and mortgages is as follows:

	2002 £'000	2001 £'000
Within one year	19	19
Between two and five years	10	29
	29	48
Finance charges and interest allocated to future accounting periods	(2)	(5)
	27	43
Included in current liabilities	(17)	(16)
	10	27

18. PROVISIONS FOR LIABILITIES AND CHARGES

Movements on the provision are:

	Deferred Taxation £'000
At 28 April 2001	824
Charge in year	304
At 27 April 2002	1,128

	2002 £'000	2001 £'000
<i>Analysis of the provision:</i>		
Deferred taxation		
– Accelerated capital allowances	1,135	832
– Other timing differences	(7)	(8)
	1,128	824

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

19. SHARE CAPITAL

	2002 £'000	2001 £'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 (continued)
at 27 April 2002

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 28 April 2001	25	4,232	13,928	18,185
Profit after tax	—	—	4,285	4,285
Revaluation	—	608	—	608
Dividend	—	—	(1,415)	(1,415)
At 27 April 2002	25	4,840	16,798	21,663

21. CAPITAL COMMITMENTS

	<i>2002 £'000</i>	<i>2001 £'000</i>
Contracted not provided	—	2,052

22. OTHER FINANCIAL COMMITMENTS

At 27 April 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2002 £'000</i>	<i>2001 £'000</i>	<i>2002 £'000</i>	<i>2001 £'000</i>
Operating leases which expire:				
within one year	73	80	—	13
between two and five years	43	218	115	—
over five years	88	69	—	—
	204	367	115	13

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. £80,800 (2001: £97,500) was payable in respect of the current year and none was owed or owing at the year end.

During the year the company sold its unlisted investment to C S Bassett, a significant shareholder of the ultimate holding company, Universal Salvage plc, for £100,000 (net book value £100). The value of the sale was at the directors' own valuation.

During the year the company sold cars to M C Hynes for a value of £40,750 (net book value £32,120) and J C Cook for a value of £35,000 (net book value £29,400). The vehicles were sold at their market value and none was owed or owing at the year end.

NOTES TO THE ACCOUNTS (continued)
at 27 April 2002

24. SUBSEQUENT EVENTS

On 9 May 2002, the company completed the purchase of land at Sandy in Bedfordshire, adjacent to an existing site, for £1,000,000.

Following the loss of the Direct Line contract, on 17 June 2002 the Board announced to the staff a proposal to close our Corby branch and has initiated the consultation period.

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).