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Userve Limited

Report and Financial Statements

For the fifteen months ended 31 July 2008

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COMPANIES HOUSE

Userve Limited

Registered No: 00929621

Directors
A J Adair
W E Franklin
W J Johnson
V W Mitz
P A Styer
N Paget
S C Eldridge
P Haggerwood

Secretary
C J Westwood

Auditors
Ernst & Young LLP
400 Capability Green
Luton
Beds
LU1 3LU

Bankers
The Royal Bank of Scotland
280 Bishopsgate
London
EC2M 4RB

Registered office
Acrey Fields
Woburn Road
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Beds
MK43 9EJ

Directors' report

The directors present their report and financial statements for the fifteen months ended 31 July 2008.

Principal activities and review of the business

The principal activity of the company throughout the period was the provision of vehicle remarketing services to the UK motor insurance and automotive industries. The company specialises in the remarketing and disposal of damaged, end of life and increasingly non –salvage vehicles.

During the reported financial period the company's parent undertaking, Universal Salvage plc, was acquired by Copart UK Limited, a wholly owned subsidiary of Copart Investment Holdings LLC of Delaware, which is itself a wholly owned subsidiary of Copart Inc of California, a leading provider of vehicle remarketing services in the United States and Canada. During the reported period Copart, Inc.'s operating and management processes were successfully implemented, leveraging the extensive Copart knowledge to establish a market leading proposition by:-

- Providing UK wide coverage reducing towing and third party storage expenses for its customers.
- Providing a comprehensive range of customer services that include merchandising services, efficient title processing, timely pick-up and delivery of vehicles and internet sales and
- Applying technology to enhance operating efficiency through Internet bidding, web- based order processing, electronic communication with buyers and sellers, vehicle imaging and facilitating seller access to buyers around the world.

Following acquisition on the 14 June 2007, the Company's year end was changed to that of the Copart group's, being the 31 of July.

Results and dividends

Turnover for the period was £ 97.3 million (2007 £70.7 million), an increase of £26.6 million over the prior year. Profit for the period after taxation was £3.3 million (2007 £0.7 million) . During the reported period Userve Limited acquired the trade and assets of AG Watson Auto Salvage & Motor Spares (Scotland) Limited, which increased turnover by £1.7m. Like for like turnover growth of £5.9m was driven by increased salvage returns following the launch of online auctions, increasing active buyer numbers and organic growth in volumes. During the period one site, Corby, was sold creating a one off gain on disposal of £1.6m, reducing the administration costs. Administration costs increased on a like for like basis by £4.6m, primarily driven by the increase in number of sites operated from, increasing rental and administration costs supporting the increased turnover. Administration costs were also impacted by the costs of acquisition and integration of the AG Watson business, along with the set up costs relating to the changes in operating model.
During the year tangible assets of £22m were transferred to an associated company. This increased debtors year over year to £28.1 million (2007 £4.0million).

The directors do not recommend payment of any dividends. The company has paid dividends in the period of £nil.

Future developments

Userve Limited, supported by Copart Inc., will continue to develop its electronic and physical offering to maintain a market leading proposition, offering benefits to both current and new buyers and sellers. Following a review of customer proposition, management will be converting seller contracts to a fee basis, giving significantly better commercial value to sellers through an alignment of both sellers' and Userve's Limited's goals.

Principal risks and uncertainties

Management meet regularly to discuss risks on the business. The key risks affecting the business are:

Competitive Risk
The competitive risk in the market remains. The UK salvage market place is highly fragmented and is composed of many small owner managed businesses. Competition operates either as standalone businesses, or as members of a consortium. Only a handful of salvage companies operating from more

Directors' report

than one site and consequently realistically offering a nationwide service without joining the main consortium is difficult.

Economic Risk
The key economic risks considered by management are:-

Consolidation in UK motor insurance marketplace
Further consolidation in the UK motor insurance marketplace would depend on whether the acquirer is an existing customer or not. Management believe that the benefits delivered by the new operational processes above industry norms ensure strong partnership arrangements. The management team continues to work closely with its customers and is continuing to build close relationships outside its existing customer base.

Macro Economic Events post Period End
Post period end a number of changes occurred in the economic environment that the company operates in. The company's revenue is influenced by a number of macro economic factors including; - metal trading prices, second hand car sales, interest rates, Foreign Exchange rates trade demand, and available supply of salvage. Both second hand car sales and scrap prices have fallen on average since the close of the financial period. This presents a risk to an element of the Company's revenue. The depreciation of Sterling has increased demand from the company's overseas buyers. The expansion in the international buyer base and the continued deployment of tools to drive bids per lot enhancing hammer price give management confidence that the company's proposition fits the current and expected future economic environment.

Userve's trading does not rely on banking facilities or debt sourced from outside of the group, thus mitigating any risk of future re- financing costs. Where finance leases are in place, they are at fixed rates for the duration of the lease.

Human Resources Management
Following acquisition, a new senior management team has been established creating a strong blend of industry knowledge and proven functional strength.

Environmental Risk
The main environmental risks within the company are land, water and fire pollution as a result of the operations we carry out during the daily carriage, storage, and auction and on-site depollution and dismantling of vehicles.

These are managed by operating a rigid risk management programme which is fully compliant with the requirements of the regulatory bodies that cover the terms of our site licences. Regular audits are carried out by Government agency officers to monitor our compliance with the terms of our licences.

Directors

The directors who served the company during the period were as follows:

A F Somerville	(resigned 04/09/07)
A Palmer-Baunack	(resigned 28/08/07)
A J Adair	(appointed 31/07/07)
W E Franklin	(appointed 31/07/07)
W J Johnson	(appointed 31/07/07)
V W Mitz	(appointed 31/07/07)
P A Styer	(appointed 31/07/07)
R Lowry	(appointed 07/09/07 resigned 01/07/08)
N Paget	(appointed 01/07/08)
S C Eldridge	(appointed 15/02/08)
P Haggerwood	(appointed 13/06/09)

Directors' report

Secretaries

The secretaries who served the company during the period were as follows;-

A F Somerville	(resigned 11/09/07)
J M Howlett	(appointed 11/09/07, resigned 30/04/08)
C J Westwood	(appointed 01/05/08)

Political and charitable contributions

No political or charitable contributions have been made by the company during the reported period.

Creditor payment policy

The company pays all creditors in line with contractual terms and conditions of the specific service contract that have been entered into.

Disabled policy

The company gives full consideration to applications for employment from disabled persons where the candidate's particular attributes and abilities adequately meet the requirements of the job description. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practical in the same or an alternative position and will provide appropriate training to achieve this aim.

Employee involvement

The company operates within the requirements of the Information and Consultation of Employees regulations 2004. Information is provided to key managers through use of Management Briefings – both electronically and in person. A weekly business briefing is provided to all employees.

The company actively promotes involvement in the success and growth of the business through a national recognition scheme for all employees.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

Director
N Paget

6/7/09.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 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 members of Userve Limited

We have audited the company's financial statements for the fifteen moths ended 31 July 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, 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 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.

Independent auditors' report
to the members of Userve Limited (continued)

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Luton

6 July 2009

Profit and loss account

for the fifteen months ended period ended 31 July 2008

	Notes	*Ongoing 2008* £m	*Acquisition (AG Watson) 2008* £m	*Total of Fifteen months to 31 July 2008* £m	*Year to 28 April 2007 As restated* £m
Turnover	2	91.6	5.7	97.3	70.7
Cost of sales		70.1	4.1	74.2	57.2
Gross profit		21.5	1.6	23.1	13.5
Distribution costs		-	-	-	-
Administrative expenses		17.0	1.3	18.3	10.6
Operating profit before exceptional costs	3	4.5	0.3	4.8	2.9
Exceptional costs relating to acquisition	8	0.1	-	0.1	1.3
Operating profit after exceptional costs		4.4	0.3	4.7	1.6
Interest receivable	6	0.4	-	0.4	0.1
Interest payable	7	0.1	-	0.1	0.3
Profit on ordinary activities before taxation		4.7	0.3	5.0	1.4
Tax on profit on ordinary activities	9	1.6	0.1	1.7	0.7
Profit for the financial year transferred to reserves	19	3.1	0.2	3.3	0.7

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £3.3 million attributable to the shareholders for the fifteen months ended 31 July 2008 (2007 restated - £0.7million).

All amounts relate to continuing operations.

Balance sheet

at 31 July 2008

	Notes	2008 £m	2007 As restated £m
Fixed assets			
Intangible assets	10	3.0	-
Tangible assets	11	10.7	31.4
		13.7	31.4
Current assets			
Stocks	12	3.9	4.8
Debtors	13	27.9	4.0
Cash at bank		3.1	-
		34.9	8.8
Creditors: amounts falling due within one year	14	14.8	10.0
Net current assets		20.1	(1.2)
Total assets less current liabilities		33.8	30.2
Creditors: amounts falling due after more than one year	15	0.9	4.1
Provisions for liabilities			
Deferred tax	17	-	-
		32.9	26.1
Capital and reserves			
Called up share capital	18	-	-
Other reserves	19	16.0	15.1
Profit and loss account	19	16.9	11.0
Equity shareholders' funds	19	32.9	26.1

The financial statements were approved on 6/7/09 2009 by the Board of Directors and signed on its behalf by:

Director

N Paget

Notes to the financial statements
at 31 July 2008

1. Accounting policies

Basis of preparation

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

Change of accounting framework

Following the acquisition of Universal Salvage plc by Copart, Inc. group of companies and its delisting from the London Stock Exchange, the company has opted to adopt United Kingdom Generally Accepted Accounting Principles and applicable accounting standards (UK GAAP), and no longer presents its result under International Financial Reporting Standards (IFRS). A summary explanation of the transition from IFRS to UK GAAP is presented in Note 21.

Consolidated accounts

The directors have taken advantage of the exemption from preparing group accounts. This exemption is available to the company under section 228A of the Companies Act 1985, since its parent company prepares consolidated accounts which, the directors consider, are drawn up on an equivalent basis to accounts drawn up in accordance with the EU's Seventh Directive. Accordingly the accounts presented herein have been prepared on a company only basis.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related parties transactions

The company has taken advantage of the exemption under FRS 8, not to disclose certain related party transactions, as the company is a wholly owned subsidiary of Copart Inc., the consolidated financial statements of which are publicly available.

Fixed asset investments

Fixed asset investments are initially recorded at cost and are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible fixed assets

Positive goodwill arising on acquisitions is capitalised on the balance sheet and amortised on a straight line basis over its useful economic life. It is also subject to review for impairment or if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets acquired separately from a business are capitalised where the fair value can be measured reliably. Such assets are amortised on a straight line basis over their estimated useful lives with the carrying value being reviewed for impairment or if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Notes to the financial statements
at 31 July 2008

1. Accounting policies (continued)

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold property	-	over 10 – 30 years based on expected life
Leasehold property	-	over the remaining life of the lease
Site improvements	-	over 5 – 25 years based on expected life
Computer and demonstration equipment	-	over 3 – 5 years based on expected life
Fixtures and fittings	-	up to 5 years based on expected life
Plant, machinery and motor vehicles	-	over 3 – 10 years based on expected life

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Work in progress	- costs of direct material and labour
Vehicles and components for resale	- costs of vehicle/component plus direct costs incurred in relation to the collection of the vehicle

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less or to receive more, tax in the future have occurred.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Financing lease agreements

Assets held under finance leases and hire purchase contracts, where substantially all of the risks and rewards of ownership pass to the company, are capitalised and are depreciated over the shorter of their lease terms and their useful lives.

Interest payable under capital leases is charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the financial statements
at 31 July 2008

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of consideration received, excluding discounts, rebates VAT and other sales taxes and duty.

Revenue on auction sales is recognised in accordance with the contract under which the vehicle is received. Revenue arising on principal based contracts, under which ownership of the vehicle passes to the company, is recognised on a gross basis, when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on collection or delivery of the vehicle. Seller fees arising on agency based contracts, where the company does not take ownership of the vehicle, are recognised on a net basis when the risks and rewards of ownership of the vehicle have passed to the buyer. Cash due is collected before release of the vehicle for collection or delivery.

Buyer fees for auction services are recognised upon completion of the sale, fees for post-sale services are recognised upon successful completion of those services. Annual buyer registration fees are recognised rateably over the term of the arrangement. Relist and late payment fees are recognised upon receipt of payment.

2. Turnover

Turnover represents the amounts derived from the provision of goods which fall within the company's ordinary activities, stated net of value added tax.

The total turnover of the company for the year has been derived from its principal activity being the remarketing of vehicles and represents operations within the UK only.

3. Operating profit

This is stated after charging/(crediting):

	Fifteen months to 31 July 2008 £m	*Year to 28 April 2007 £m*
Auditors' remuneration- audit services	0.2	0.1
Auditors' remuneration- non audit services	0.1	-
Depreciation of owned fixed assets	1.8	1.4
Depreciation of assets held under finance leases	0.2	0.1
Profit on disposal of fixed assets	(1.8)	-
Amortisation of intangibles	0.1	-
Operating lease rentals - land and buildings	2.3	0.2
- plant and machinery	-	-

Auditors' remuneration includes amounts charged in respect of fellow group undertakings.

Notes to the financial statements
at 31 July 2008

4. Staff costs

	Fifteen months to 31 July 2008 £m	*Year to 28 April 2007 £m*
Wages and salaries	12.9	8.0
Social security costs	1.1	0.8
Other pension costs	0.1	0.1
	14.1	8.9

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

	2008 No.	*2007 No.*
Site and transportation	237	151
Office and Management	110	145
	347	296

5. Directors' emoluments

	Fifteen months to 31 July 2008 £'000	*Year to 28 April 2007 £'000*
Emoluments	543	858
Pension contributions	-	29

The company made contributions during the period on behalf of nil (2007 nil) directors to the group personal pension plan or personal pension plans.

During the period 2 directors (2007: nil) exercised share options.

	Fifteen months to 31 July 2008 £'000	*Year to 28 April 2007 £'000*
In respect of the highest paid director:		
Emoluments	306	411
Pension contributions	-	16

Notes to the financial statements
at 31 July 2008

6. Interest receivable

	Fifteen months to 31 July 2008 £m	*Year to 28 April 2007 £m*
Bank interest receivable	0.4	0.1
	0.4	0.1

7. Interest payable

	Fifteen months to 31 July 2008 £m	*Year to 28 April 2007 £m*
Bank interest receivable	0.1	0.3
	0.1	0.3

8. Exceptional items

	Fifteen months to 31 July 2008 £m	*Year to 28 April 2007 £m*
Acquisition costs	0.1	1.3
	0.1	1.3

Acquisition costs relate to the costs incurred in 2007 which lead to the acquisition on 15 June 2007 of Universal Salvage plc by Copart (UK) Limited. Universal Salvage plc owns 100% of the share capital of Userve Limited.

Acquisition costs in 2008 relate to the acquisition of the trade and assets of AG Watson Auto Salvage & Motor Spares (Scotland) Limited on 14 February 2008.

9. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	Fifteen months to 31 July 2008 £m	*Year to 28 April 2007 £m*
Current tax:		
UK corporation tax	1.4	0.2
Tax over provided in prior years	-	-
Total current tax (note 9(b))	1.4	0.2

Notes to the financial statements
at 31 July 2008

Deferred tax:		
Origination and reversal of timing differences (note 9(c))	0.3	0.5
Tax on profit on ordinary activities	1.7	0.7

(b) Factors affecting current tax charge

	Fifteen months to 31 July 2008 £m	*Year to 28 April 2007 £m*
Profit on ordinary activities before tax	5.0	1.4
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 29.8% (2007 – *30%)*	1.5	0.4
Expenses not deductible for tax purposes	0.5	0.4
Capital allowances in excess of depreciation	(0.4)	(0.4)
Differences between taxable gain and profits on disposals	0.6	0.1
Difference between share based payment charge and tax deducted on exercise of share options	(0.3)	0.1
Other timing differences	-	-
Use of brought forward losses	-	(0.4)
Tax over provided in prior years	-	-
Group relief claimed not paid	(0.5)	-
Total current tax (note 9(a))	1.4	0.2

(c) Deferred tax

The deferred tax asset recognised in the financial statements is as follows:

	Fifteen months to 31 July 2008 £'000	*Year to 28 April 2007 £'000*
Share based payments	-	0.3

The movement on deferred tax asset is as follows:

	£m
At 29 April 2007	(0.3)
Charged to the profit and loss account	0.3
At 31 July 2008	-

Notes to the financial statements
at 31 July 2008

10. Intangible fixed assets

	Supply contracts £m	*Goodwill £m*	*Total £m*
Cost:			
At 29 April 2007 (restated)	-	-	-
Additions	1.1	2.0	3.1
Disposals	-	-	-
At 31 July 2008	1.1	2.0	3.1
Amortisation:			
At 29 April 2007 (restated)	-	-	-
Amortisation of the period	0.1	-	0.1
Disposals during the period	-	-	-
At 31 July 2008	0.1	-	0.1
Net book value:			
At 31 July 2008	1.0	2.0	3.0
At 29 April 2007 (restated)	-	-	-

Goodwill arose on the acquisition of AG Watson Auto Salvage & Motor Spares (Scotland) Limited and is being amortised over its estimated useful life of 20 years (see below).
Supply contracts were identified as a separate intangible asset arising on the acquisition of AG Watson Auto Salvage & Motor Spares (Scotland) Limited and are being amortised over their estimated useful lives of 6-10 years (see below).

Notes to the financial statements
at 31 July 2008

10. Intangible fixed assets (continued)

On 29 February 2008, the company acquired the trade and assets of AG Watson Auto Salvage & Motor Spares Limited for a consideration of £7,500,000 in cash. The assets and liabilities acquired from AG Watson have been included in the company's balance sheet at their fair values at the date of acquisition.

Analysis of the acquisition of AG Watson:

Net assets at date of acquisition:

	Book value	*Fair value adjustments*	*Fair value*
	£000	*£000*	*£000*
Intangible fixed assets	-	1,130 (a)	1,130
Tangible fixed assets	1,801	1,688 (b)	3,489
Stocks	537	-	537
Debtors	860	-	860
Creditors due within one year	(86)	-	(86)
Net assets	3,112	2,818	5,930
Goodwill arising on acquisition			1,570
			7,500
Discharged by:			
Cash			7,500

Adjustments:
(a) recognition of separately identifiable intangible assets in respect of supply contracts with sellers
(b) increase in value of freehold and long leasehold properties to current value

Notes to the financial statements
at 31 July 2008

11. Tangible fixed assets

	Land, buildings and site improvements £m	*Plant, machinery and motor vehicles* £m	*Office, computer and software equipment* £m	*Assets in the course of construction* £m	*Total* £m
Cost:					
At 29 April 2007 (restated)	27.5	10.9	6.4	0.2	45.0
Additions	0.5	5.4	0.4	0.7	7.0
Disposals	25.7	2.3	-	-	28.0
At 31 July 2008	2.3	14.0	6.8	0.9	24.0
Depreciation:					
At 29 April 2007 (restated)	-	7.4	6.2	-	13.6
Depreciation of the period	0.4	1.5	0.2	-	2.1
Disposals during the period	0.3	2.1	-	-	2.4
At 31 July 2008	0.1	6.8	6.4	-	13.3
Net book value:					
31 July 2008	2.2	7.2	0.4	0.9	10.7
At 29 April 2007 (restated)	27.5	3.5	0.2	0.2	31.4

Assets held under finance leases have the following net book values:

	2008 £m	*2007* £m
Cost	1.6	1.6
Aggregate depreciation	0.3	0.1
Net book value	1.3	1.5

Included in assets held under finance leases are a number of car transporters, net book value of £1.3 million (2007: £1.5 million).

The total amount of finance costs included in the cost of the property, plant and equipment is £0.1 million (2007: £0.1 million).

During the period a number of freehold properties were transferred and all leasehold properties assigned by Userve Limited to an associated company. These transactions were all negotiated at arms length and transfers made at fair value. The total value of transfers was £22 million and is included in disposals above.

During the period a number of plant, machinery and motor vehicle assets were transferred to an associated company, Century Salvage Sales Limited. These transactions were all negotiated at arms length and transfers made at fair value. The total value of transfers was £0.02 million and is included in disposals above.

Notes to the financial statements
at 31 July 2008

12. Stocks

	2008 £m	*2007* £m
Vehicles or components for resale (less provisions)	3.9	4.8

13. Debtors

	2008 £m	*2007* £m
Trade debtors	3.3	2.9
Amounts owed by group undertakings	23.7	-
Other debtors	-	-
Deferred tax (note 7(c))	-	0.3
Prepayments and accrued income	0.9	0.8
	27.9	4.0

14. Creditors: amounts falling due within one year

	2008 £m	*2007* £m
Trade creditors	5.0	4.3
Obligations under finance leases (see note 16)	0.2	0.3
Amounts owed to group undertakings	6.5	-
Corporation tax	0.5	0.3
Other taxation and social security	0.9	1.0
Accruals and deferred income	1.7	4.1
	14.8	10.0

15. Creditors: amounts falling after more than one year

	2008 £m	*2007* £m
Trade creditors		
Obligations under finance leases (see note 16)	0.9	1.2
Amounts owed to group undertakings	-	2.7
Other creditors	-	0.2
	0.9	4.1

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at 31 July 2008

16. Commitments under leases and hire purchase contracts

Amounts due under finance leases and hire purchase contracts:

	2008 *£m*	*2007* *£m*
Amounts payable:		
Within one year	0.2	0.2
In two to five years	0.8	0.9
More than five years	0.1	0.3
	1.1	1.4

At 31 July 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2008 *£m*	*2007* *£m*
Operating leases which expire:		
Within one year	-	-
In two to five years	-	0.1
After more than 5 years	-	5.6
	-	5.7

17. Provisions for liabilities

	2008 *£m*
Deferred tax:	
At 29 April 2007	4.3
IFRS to UK GAAP adjustment	(4.6)
Current year charge to p&l account (note 9)	0.3
At 31 July 2008	0.0

18. Share capital

Authorised

	2008 *No.*	*2008* *£*	*2007* *No.*	*2007* *£*
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

Allotted, called up and fully paid

	2008 *£*	*2007* *£*
25,000 ordinary shares of £1 each	25,000	25,000

Notes to the financial statements
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19. Reconciliation of shareholders' funds and movement on reserves

	Share capital £m	*Other reserves £m*	*Profit and loss account £m*	*Total shareholder funds £m*
At 29 April 2007	-	10.8	10.7	21.5
IFRS to UK GAAP adjustments	-	4.3	0.3	4.6
As restated	-	15.1	11.0	26.1
Profit for the period	-	-	3.3	3.3
Capital contribution	-	3.2	-	3.2
Share option	-	0.3	-	0.3
Realised gain on sale of properties	-	(2.6)	2.6	0.0
At 31 July 2008	-	16.0	16.9	32.9

A capital contribution was received from Universal Salvage plc to enable the Company to complete the acquisition of the trade and assets of AG Watson Auto Salvage & motor Spares (Scotland) Limited. Other reserves includes £13.1 million of non-distributable reserves, previously revaluation reserves, following the transfer of the freehold properties to, an associated company. These reserves are currently unrealised as the properties were transferred to another group undertaking.

20. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Universal Salvage plc registered in England and Wales. The ultimate parent undertaking and controlling party is Copart Inc., a NASDAQ listed corporation incorporated in California in the USA.

The parent undertaking of the smallest and largest group of undertakings of which the company is a member and for which financial statements are drawn up is Copart Inc. Copies of its financial statements are available from Copart Inc4665 Business Centre Drive, Fairfield, California, 94534, USA.

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21. Restatement of prior year comparatives to UK GAAP from IFRS

Following the acquisition of the company's immediate parent undertaking, Universal Salvage Plc, by Copart, Inc. and the delisting of Universal Salvage Plc from the London Stock Exchange, the company has opted to adopt United Kingdom Generally Accepted Accounting Principles and applicable accounting standards (UK GAAP), and no longer presents its result under International Financial Reporting Standards (IFRS).

The principal adjustment relates to the accounting for deferred tax. Under IFRS, it is a requirement to record a deferred tax liability on the revaluation of properties. Under UK GAAP, it is not permitted to record a deferred tax liability unless there is a binding commitment to sell the related asset. Given there was no binding commitment to sell the asset at 30 April 2007 and 30 April 2006, the related deferred tax liability of £4.6m at 30 April 2007 and £1.6m at 30 April 2006 has been removed.

The other adjustment made to translate back to UK GAAP is the reclassification of software costs of £0.1m at 30 April 2007 and 30 April 2006 from intangible assets to tangible assets.

The table below shows the impact on the balance sheet as previously presented at 30 April 2007.

	30 April 2007 IFRS £m	*Effect of transition £m*	*30 April 2007 UK GAAP £m*
Fixed assets			
Intangible assets	0.1	(0.1)	-
Tangible assets	31.3	0.1	31.4
Current assets			
Stocks	4.8	-	4.8
Debtors	3.7	0.3	4.0
Cash	-	-	-
Creditors: amounts falling due within one year	10.0	-	10.0
Net current assets	(1.5)	0.3	(1.2)
Total assets less current liabilities	29.9	0.3	30.2
Creditors: amounts falling due after more than one year	4.1	-	4.1
Provisions			
Deferred tax	4.3	(4.3)	-
	21.5	4.6	26.1
Capital and reserves			
Called up share capital	-	-	-
Other reserves	10.8	4.3	15.1
Profit and loss account	10.7	0.3	11.0
Equity shareholders' funds	21.5	4.6	26.1

Notes to the financial statements
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21. Restatement of prior year comparatives to UK GAAP from IFRS (continued)

The table below shows the impact on the balance sheet as previously presented at 30 April 2006.

	30 April 2006 IFRS £m	*Effect of transition £m*	*30 April 2006 UK GAAP £m*
Fixed assets			
Intangible assets	0.1	(0.1)	-
Tangible assets	21.2	0.1	21.3
Current assets			
Stocks	3.2	-	3.2
Debtors	2.8	0.6	3.4
Cash	1.8	-	1.8
Creditors: amounts falling due within one year	6.3	-	6.3
Net current assets	1.5	0.6	2.1
Total assets less current liabilities	22.8	0.6	23.4
Creditors: amounts falling due after more than one year	8.6	-	8.6
Provisions			
Deferred tax	1.0	(1.0)	-
	13.2	1.6	14.8
Capital and reserves			
Called up share capital	-	-	-
Other reserves	3.2	1.3	4.5
Profit and loss account	10.0	0.3	10.3
Equity shareholders' funds	13.2	1.6	14.8

Notes to the financial statements
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21. Restatement of prior year comparatives to UK GAAP from IFRS (continued)

The table below shows the impact on the profit and loss account for the year ended 30 April 2007.

	30 April 2007 IFRS £m	*Effect of transition £m*	*30 April 2007 UK GAAP £m*
Turnover	70.7	-	70.7
Cost of sales	(57.2)	-	(57.2)
Gross profit	13.5		13.5
Distribution costs	-	-	-
Administrative expenses	(11.9)	-	(11.9)
Operating profit	1.6	-	1.6
Interest receivable	0.1	-	0.1
Interest payable and similar charges	(0.3)	-	(0.3)
Profit on ordinary activities before taxation	1.4	-	1.4
Tax on profit on ordinary activities	(0.7)	-	(0.7)
Profit for the financial year	0.7	-	0.7