

Copart UK Limited

Report and Financial Statements

For the year ended 31 July 2012

TUESDAY



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30/04/2013

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COMPANIES HOUSE

Copart UK Limited

Registered No 00929621

Directors

A J Adair

W E Franklin

V W Mitz

P A Styer

N Paget

P Haggerwood

R Lowy Appointed 04/10/2012

Secretary

C J Westwood

Auditors

Ernst & Young LLP

400 Capability Green

Luton

Beds

LU1 3LU

Bankers

Barclays Bank PLC

497 Silbury Boulevard

Milton Keynes

MK9 2LD

Registered office

Acrey Fields

Woburn Road

Wootton

Beds

MK43 9EJ

Directors' report

The directors present their report and financial statements for the year ended 31 July 2012

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 insurance and automotive industries. The company provides sellers access through its on line daily auctions to an active and geographically diverse buyer base, ensuring market value is achieved for vehicles sold.

During the year the business continued in its strategy of investing in the development of the service that it offers to both its sellers and its buyers. This investment will build stronger relationships with our current customer base and provides an incentive for new customers to assign or buy vehicles from the business. During the year the key developments have been -

During the last accounting period, in March 2011, Copart UK Limited purchased John Hewitt and Sons (Garages) Limited, during this reported period the full operational integration of this acquisition was completed, strengthening the service to the key geographical market of the West Midlands and to the agricultural marketplace.

Copart has invested £1.5m in the reported period on modernisation and increasing the operational fleet. This in conjunction with the integration of the Copart branded facility at Wolverhampton enabled the Copart group of companies to strengthen its national coverage, facilitating quicker collections and driving operational efficiencies.

In 2011 supporting the development of Copart's offer to the wider automotive industry, Copart launched Copart Direct. Copart Direct provides both trade and public sellers the opportunity to sell vehicles through Copart's auction. Performance of this division in the full reported period was in line with management expectations.

Fiscal Environment

The business continues to trade in line with expectations during a period which has been challenging for both sellers and buyers of vehicles. Management remains confident that the company's proposition fits the current and expected future economic environment. The challenging market conditions provide the company with an opportunity to develop new sources of vehicles, as prospective customers look to strengthen value and improved services. The company's revenue is influenced by a number of macro economic factors including second hand car sales volumes, interest rates, foreign exchange rates, trade demand, metal trading prices, and available supply of vehicles.

Results and dividends

During the year, the trade, the assets and liabilities of a sister company, Century Salvage Sales Limited (CSSL) were transferred to Copart UK Limited, as part of an ongoing group reorganisation.

Turnover for the year was £90.8 million (2011: £80.3 million), an increase of £10.5 million. The CSSL transfer increased turnover by £14.2m, the underlying turnover performance was in line with management expectation with the impact of volume growth being netted off by the effects on reported turnover of management's strategy of increasing vehicles handled on a fee basis. Under a fee based contract only the fee for remarketing the vehicle is classified as turnover, under a purchase contract turnover represents auction sale value and the cost of goods is identified separately.

Profit for the year after taxation was £6.7 million (2011: £1.9 million). The CSSL transfer increased reportable profits by £3.6m. Underlying reported profit growth was driven by increased volumes handled and operational efficiencies provided by investment to increase the scale of the operational fleet, and the full year effect of the acquisition of the Wolverhampton facility. Administration costs for the period were £27.2 million (2011: £24.3m) an increase of £2.9 million. The CSSL transfer increased reportable administrative costs by £2.8m.

Directors' report (continued)

Results and dividends (continued)

The directors do not recommend payment of any dividends. The company has paid dividends in the reported year of £nil. Subsequent to the year end, a dividend of \$25.5m (£16.0m) was declared and paid to Copart UK's parent company.

Key Performance indicators

Management meet monthly to review business performance and ensure delivery of the strategic priorities of the company. Management utilise the following key performance indicators in evaluating business performance.

Turnover year on year

Turnover has increased from £80.3 million to £90.8 million during the reported period, an increase of 13%. This is in line with management expectation, allowing for the transfer of CSSL (£14.2m) and organic growth of the business being offset by the impact of a reduced participation of vehicles being assigned on a principal contract versus an agency model.

Head count year on year

Head count has increased from 378 to 489 during the reported period, an increase of 29% being driven by the transfer of CSSL (54) and increase in drivers to achieve operational efficiencies.

Administration cost year on year

Administration costs have increased from £24.3 million to £27.2 million during the reported period, an increase of 12%. The increased growth reflects the transfer of CSSL (£2.8m) and the increased volume handled by the company alongside costs incurred in the development of new systems and customer services to be launched in future periods being partially offset by process efficiencies.

Future developments

Copart UK Limited, supported by Copart Inc, will continue to develop its electronic and physical offering to develop its service to existing customers and to enable the company to serve new markets and customers.

Principal risks and uncertainties

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

Competitive Risk

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. National coverage is possible through membership of a consortium, several of which exist, as well as through the operation of several sites and/or the establishment of a network of smaller operators. All of these models exist in the marketplace as do informal agreements for co-operation amongst smaller operators and/or arrangements for 'satellite' third party sites.

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 company's operational processes are above industry norms and 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.

The company'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.

Directors' report (continued)

Human Resources Management

Employees and the development of the company's service culture remain important to Copart's management. During the period significant investment of time and resource was allocated to employee training, strengthening the company's service offering to its customers. During the period employees remained fully apprised of company development or service innovations through weekly briefings, and regular employee magazines.

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, 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 year were as follows

A J Adair
W E Franklin
W J Johnson (resigned 21/09/12)
V W Mitz
P A Styer
N J Paget
P Haggerwood

Secretaries

The secretaries who served the company during the year were as follows

C J Westwood

Political and charitable contributions

The company has made no political or charitable contributions 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.

Going concern

Copart UK Limited is an integral company in the wider group's UK strategy. The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, accordingly the financial statements are prepared on a going concern basis.

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.

Directors' report (continued)

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.

All employees were invited to attend one of a series of events as part of the national road show, hosted by the company's senior management team, to further strengthen the understanding of the group's and companies, mission, vision and values. All employees had the opportunity to fully participate and had valuable time with the senior management team to raise issues or suggestions on how the business can improve. The road show was supported by secondary workshops held locally.

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.

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying indemnity provisions remain in place as at the date of approving the directors' report.

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



N Paget
Director

Date

30/4/13

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Copart UK Limited

We have audited the financial statements of Copart UK Limited for the year ended 31 July 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

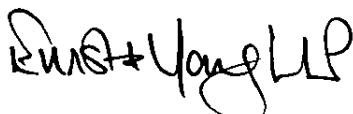
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Juliet Thomas (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Luton

Date

30 April 2013

Profit and loss account

for the year ended year ended 31 July 2012

		2012 £'000	2011 £'000
	Notes		
Continuing operations			
Ongoing		76,558	80,312
Acquisitions – Century Salvage Sales Limited		14,264	-
Turnover	2	90,822	80,312
Cost of sales		54,419	53,072
Gross profit		36,403	27,240
Administrative expenses		27,238	24,264
Continuing operations			
Ongoing		5,559	2,976
Acquisitions – Century Salvage Sales Limited		3,606	-
Operating profit	3	9,165	2,976
Interest receivable	6	103	47
Interest payable	7	16	34
Profit on ordinary activities before taxation		9,252	2,989
Tax on profit on ordinary activities	8	2,517	1,136
Profit for the financial year			
transferred to reserves	18	6,735	1,853

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £6,735,000 attributable to the shareholders for the year ended 31 July 2012 (2011 £1,853,000)

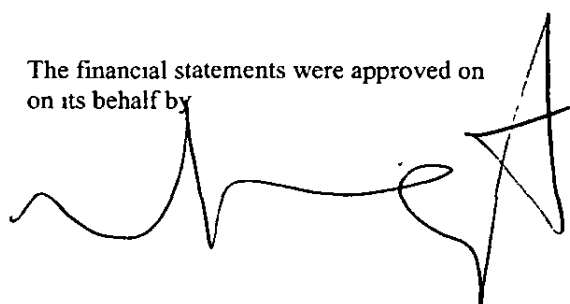
All amounts relate to continuing operations

Balance sheet

at 31 July 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	9	1,867	2,085
Investments	10	35,524	35,524
Tangible assets	11	8,440	7,158
		<u>45,831</u>	<u>44,767</u>
Current assets			
Stocks	12	3,779	4,014
Debtors	13	27,988	30,815
Cash at bank		29,981	9,094
		<u>61,748</u>	<u>43,923</u>
Creditors: amounts falling due within one year	14	35,189	26,917
Net current assets		<u>26,559</u>	<u>17,006</u>
Total assets less current liabilities		<u>72,390</u>	<u>61,773</u>
Creditors amounts falling due after more than one year	15	2,506	3,042
Provisions for liabilities			
Deferred tax	8	348	392
Net assets		<u>69,536</u>	<u>58,339</u>
Capital and reserves			
Called up share capital	17	25	25
Capital reserves	18	23,500	23,500
Other reserves	18	17,310	12,848
Profit and loss account	18	28,701	21,966
Equity shareholders' funds	18	<u>69,536</u>	<u>58,339</u>

The financial statements were approved on
on its behalf by

 30/9/2013 by the Board of Directors and signed

N Paget
Director

Notes to the financial statements at 31 July 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, and in compliance with the Companies Act 2006

Consolidated accounts

The directors have taken advantage of the exemption from preparing group accounts. This exemption is available to the company under section 401 of the Companies Act 2006, 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.

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 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 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.

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.

Notes to the financial statements at 31 July 2012

1. Accounting policies (continued)

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable, and
- 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 an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences arose, 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 2012

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)

	2012 £'000	2011 £'000
Auditors' remuneration- audit services	176	175
Auditors' remuneration- non audit services	-	-
Depreciation of owned fixed assets	1,384	1,152
Depreciation of assets held under finance leases	81	151
Profit on disposal of fixed assets	(44)	(49)
Amortisation of intangibles	218	277
Operating lease rentals for land and buildings from fellow group undertakings	9,801	8,299

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

4. Staff costs

	2012 £'000	2011 £'000
Wages and salaries	10,851	9,499
Social security costs	1,046	933
Other pension costs	93	80
	<u>11,990</u>	<u>10,512</u>

Notes to the financial statements

at 31 July 2012

4. Staff costs (continued)

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

	2012 No	2011 No
Site and transportation	240	168
Office and management	249	210
	<u>489</u>	<u>378</u>

5. Directors' emoluments

	2012 £'000	2011 £'000
Emoluments	249	169
Pension contributions	<u>2</u>	<u>4</u>
	251	173
	2012 £'000	2011 £'000
In respect of the highest paid director		
Emoluments	195	145
Pension contributions	<u>-</u>	<u>-</u>
	195	145

6. Interest receivable

	2012 £'000	2011 £'000
Bank interest receivable	<u>103</u>	<u>47</u>

7. Interest payable

	2012 £'000	2011 £'000
Bank interest payable	<u>16</u>	<u>34</u>

Notes to the financial statements

at 31 July 2012

8. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2012 £'000	2011 £'000
<i>Current tax</i>		
UK corporation tax	2,710	1,149
Adjustments in respect of previous periods	(15)	127
Adjustments in respect of Century Salvage Sales Ltd previous periods	(49)	-
Total current tax (note 8(b))	2,646	1,276
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 8(c))	53	(107)
Adjustment in respect of previous periods	(159)	-
Changes in tax rates or laws	(23)	(33)
Tax on profit on ordinary activities	2,517	1,136

(b) Factors affecting current tax charge

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	9,252	2,989
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 25 33% (2011 27 33%)	2,344	817
Expenses not deductible for tax purposes	419	311
Accelerated capital allowances	(53)	19
Other timing differences	-	6
Adjustment to tax charge in respect of previous periods	(15)	127
Restriction of proceeds to cost in the general pool	-	(4)
Adjustments in respect of Century Salvage Sales Ltd previous periods	(49)	-
Total current tax (note 8(a))	2,646	1,276

(c) Deferred tax

The deferred tax included in the balance sheet is as follows

	2012 £'000	2011 £'000
Accelerated capital allowances	302	437
Short term timing differences	(39)	(41)
Pension provision	-	(4)
Transfer in from Century Salvage Sales Ltd	85	-
	348	392

Notes to the financial statements

at 31 July 2012

8. Taxation on ordinary activities (continued)

The movement on the deferred tax liability is as follows

	£'000
At 1 August 2011	392
Credited to the profit and loss account	(129)
Transfer in from Century Salvage Sales Ltd	85
At 31 July 2012	<u>348</u>

During the year, as a result of the changes in the UK main corporation tax rate to 24% that was substantively enacted on 26 March 2012 and that was effective from 1 April 2012, and to 23% that was substantively enacted on 3 July 2012 and that will be effective from 1 April 2013, the relevant deferred tax balances have been re-measured to 23% at the balance sheet date

In addition to the changes in rates of Corporation tax disclosed above further changes to the UK Corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The proposed reductions to the main rate of corporation tax are both expected to be enacted as part of Finance Act 2013.

9. Intangible fixed assets

	<i>Supply contracts</i> £'000	<i>Goodwill</i> £'000	<i>Total</i> £'000
Cost			
At 1 August 2011	1,080	1,977	3,057
Additions	-	-	-
At 31 July 2012	<u>1,080</u>	<u>1,977</u>	<u>3,057</u>
Amortisation			
At 1 August 2011	634	338	972
Provided during the year	119	99	218
At 31 July 2012	<u>753</u>	<u>437</u>	<u>1,190</u>
Net book value			
At 31 July 2012	<u>327</u>	<u>1,540</u>	<u>1,867</u>
At 31 July 2011	<u>446</u>	<u>1,639</u>	<u>2,085</u>

Goodwill arose on the acquisition of the trade and assets of AG Watson Auto Salvage & Motor Spares (Scotland) Limited and is being amortised over its estimated useful life of 20 years.

Supply contracts were identified as a separate intangible asset arising on the acquisition of the trade and assets of AG Watson Auto Salvage & Motor Spares (Scotland) Limited and are being amortised over their estimated useful lives of 6-10 years.

Notes to the financial statements

at 31 July 2012

9. Intangible fixed assets (continued)

During the year the company acquired the trade, assets and liabilities of Century Salvage Sales Ltd for net book value. The assets and liabilities acquired have been included in the company's balance sheet at their book values, which represents fair value to the company, at the date of the hive up.

Analysis of the acquisition of Century Salvage Sales Limited
Book value and fair value

	£'000
Tangible fixed assets	1,463
Stocks	520
Debtors	6,180
Cash	150
Creditors due within one year	3,694
Provisions for liabilities and charges	157
Net assets	4,462
Discharged by Share capital issue	4,462

10. Investments

	<i>Subsidiary undertakings £'000</i>	<i>Total £'000</i>
Cost		
At 1 August 2011	35,524	35,524
Additions	-	-
At 31 July 2012	35,524	35,524

Details of investments where the company holds more than 20% of the Ordinary share capital of the company

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Copart Claims Handling Services Limited	Ordinary shares	100%	Vehicle remarketing
D Hales Limited	Ordinary shares	100%	Vehicle remarketing
John Hewitt & Sons (Garages) Limited	Ordinary shares	100%	Vehicle remarketing

Notes to the financial statements

at 31 July 2012

11. Tangible fixed assets

	<i>Land, buildings and site improvements</i>	<i>Plant, machinery and motor vehicles</i>	<i>Office, computer and software equipment</i>	<i>Assets in the course of construction</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost					
At 1 August 2011	111	11,801	1,489	905	14,306
Additions	-	30	7	2,439	2,476
Acquired from Century Salvage Sales Ltd	318	2,099	-	-	2,417
Transfers in from group companies	-	254	295	35	584
Transfers out to group companies	(351)	(1,245)	(12)	(577)	(2,185)
Reclassifications	25	1,492	293	(1,810)	-
Disposals	-	(352)	(82)	(24)	(458)
At 31 July 2012	103	14,079	1,990	968	17,140
Depreciation					
At 1 August 2011	82	6,108	958	-	7,148
Provided during the year	1	1,247	217	-	1,465
Acquired from Century Salvage Sales Ltd	73	881	-	-	954
Transfers in from group companies	-	299	148	-	447
Transfers out to group companies	(99)	(801)	(6)	-	(906)
Reclassifications	26	(246)	220	-	-
Disposals	-	(333)	(75)	-	(408)
At 31 July 2012	83	7,155	1,462	-	8,700
Net book value 31 July 2012	20	6,924	528	968	8,440
At 31 July 2011	29	5,693	531	905	7,158

Assets held under finance leases have the following net book values

	<i>2012 £'000</i>	<i>2011 £'000</i>
Cost	661	1,504
Aggregate depreciation	326	718
Net book value	335	786

Included in assets held under finance leases are a number of car transporters, net book value of £335,000 (2011 £786,000)

Notes to the financial statements

at 31 July 2012

12. Stocks

	2012 £'000	2011 £'000
Vehicles or components for resale (less provisions)	<u>3,779</u>	<u>4,014</u>

The difference between the carrying value of stocks and their replacement cost is not material

13. Debtors

	2012 £'000	2011 £'000
Trade debtors	5,135	4,424
Amounts owed by group undertakings	20,748	21,382
Prepayments and accrued income	304	464
Other debtors	1,000	4,000
Corporation tax	801	545
	<u>27,988</u>	<u>30,815</u>

£1,000,000 (2011 £4,000,000) has been deposited in escrow to pay deferred consideration for the acquisition of John Hewitt and Sons (Garages) Limited, when it falls due

14. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	3,958	5,034
Obligations under finance leases (see note 16)	108	141
Other creditors	500	3,000
Amounts owed to group undertakings	27,762	14,445
Other taxation and social security	372	1,574
Accruals and deferred income	2,489	2,723
	<u>35,189</u>	<u>26,917</u>

Other creditors consist of deferred consideration for the acquisition of John Hewitt and Sons (Garages) Ltd

15. Creditors: amounts falling after more than one year

	2012 £'000	2011 £'000
Obligations under finance leases (see note 16)	76	184
Amounts owed to group undertakings	1,930	1,858
Other creditors	500	1,000
	<u>2,506</u>	<u>3,042</u>

Other creditors consist of deferred consideration for the acquisition of John Hewitt and Sons (Garages) Ltd

Notes to the financial statements

at 31 July 2012

16. Commitments under leases and hire purchase contracts

Amounts due under finance leases and hire purchase contracts

	2012 £'000	2011 £'000
Amounts payable		
Within one year	108	141
In two to five years	76	184
More than five years	-	-
	<u>184</u>	<u>325</u>

The company holds customer guarantees of £1.25 (2011: £1.25m) relating to trade debt and performance

17. Allotted and issued share capital

Allotted, called up and fully paid

	2012 £	2011 £
25,001 ordinary shares of £1 each	<u>25,001</u>	<u>25,000</u>

18. Reconciliation of shareholders' funds and movement on reserves

	Share capital £'000	Capital reserve £'000	Other reserves £'000	Profit and loss account £'000	Total shareholder funds £'000
At 1 August 2011	25	23,500	12,848	21,966	58,339
Profit for the year	-	-	-	6,735	6,735
Share Premium	-	-	4,462	-	4,462
At 31 July 2012	<u>25</u>	<u>23,500</u>	<u>17,310</u>	<u>28,701</u>	<u>69,536</u>

Other reserves brought forward represent balances accumulated prior to the acquisition of Universal Salvage plc on 14th June 2007

As part of a group reorganisation to enable the transfer of trade and assets of Century Salvage Sales Ltd to Copart UK Ltd, one ordinary share of £1 has been issued in settlement of the transfer of trade and assets of Century Salvage Sales Ltd, giving rise to the share premium reserve (See note 17)

Notes to the financial statements

at 31 July 2012

19. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Universal Salvage Limited, registered in England and Wales. The ultimate parent undertaking and controlling party is Copart Inc, a NASDAQ listed corporation incorporated in California, 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 Inc, 14185 Dallas Parkway, Ste 300, Dallas, TX 75254, USA.