

Copart UK Limited

Report and Financial Statements

For the year ended 31 July 2015



Copart UK Limited

Registered No: 00929621

Directors

A J Adair

W E Franklin

V W Mitz

P A Styer

N Paget

S Sheldon-Wilson (Appointed 18 January 2016)

J D Canning (Appointed 18 January 2016)

Secretary

HP Secretarial Services Limited

Oxford House

Cliftonville

Northampton

NN1 5PN

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

Strategic Report

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 access for vehicle sellers through regular online auctions to an active and geographically diverse buyer base, ensuring market value is achieved for vehicles sold.

In the reported period the business continued in its strategy of investing in the development of the service that it offers to both its sellers and its buyers:

- Copart successfully developed and launched a new website, delivering over 100 enhancements including a new on line auction platform combining to provide a significantly improved user experience which has been received well by existing and new customers.
- Trade First Choice, a new sales channel specifically tailored to enable trade sellers the opportunity to sell vehicles on Copart's on line auction platform was launched.
- Copart Direct developed and launched a new website, supporting the development of Copart Direct, which provides both trade and public sellers the opportunity to sell vehicles directly to Copart.
- Copart invested £5.3m in the reported period on modernisation and increasing the operational fleet strengthening national coverage, facilitating quicker collections and driving operational efficiencies.

Fiscal Environment

The business traded in the period in line with expectations. Management remains confident that the company's proposition fits the current and expected future economic environment. Market conditions remain challenging, however providing 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

Turnover for the year was £115.3 million (2014: £126.1 million), a decrease of £10.8 million. Performance was in line with management expectation with the impact of supply contract changes and volume growth in Copart's new sales channels. During the period there was an increase in vehicles assigned on an agency basis (versus a principal basis). 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. 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.

Operating Profit for the year was £11.7 million (2014: £11.4 million) reflecting the increased volumes handled and margin management.

Profit after tax was £7.7 million (2014: £7.9 million).

The directors do not recommend payment of any dividends. During the period, the company paid a dividend of £6.720m (2014: £9.7m) to the Company's parent company.

Strategic Report

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 decreased from £126.1 million to £115.3 million during the reported period, a decrease of 8.56%. This is in line with management expectations reflecting:

- Decreased participation of vehicles assigned on a principal basis
- Increased turnover generated through the Trade First Choice channel

Head count year on year

Head count has increased from 636 to 673 during the reported period; an increase of 6% reflecting resource requirements to service increased volumes.

Administration cost year on year

Administrative costs were £41.4 million (2014: £41.4 million), in line with the prior year.

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 remains highly competitive. 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.

Financial Risk

The company's exposure to financial risk is low, however management continue to prudently manage the financial health of the business. All cash reserves are invested with institutions with high credit ratings and in instruments with low risk profiles.

Human Resources Management

Employees and the development of the company's service culture are important to Copart's management. During the period significant investment of time and resource was allocated to employee training through nationally recognised schemes and internal 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.

Strategic Report

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.

On behalf of the board



N Paget
Director

Date: 27/4/16 .

Directors' Report

The directors present their report and financial statements for the year ended 31 July 2015.

Directors

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

A J Adair
W E Franklin
V W Mitz
P A Styer
N J Paget
P Haggerwood (Resigned 24 February 2016)

Secretaries

The secretary who served the company during the year was:

HP Secretarial Services Limited

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 has been entered into.

Going concern

Copart UK Limited is an integral company in the wider group's UK and international 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.

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 enabling the company to serve new markets and customers.

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' Report

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.

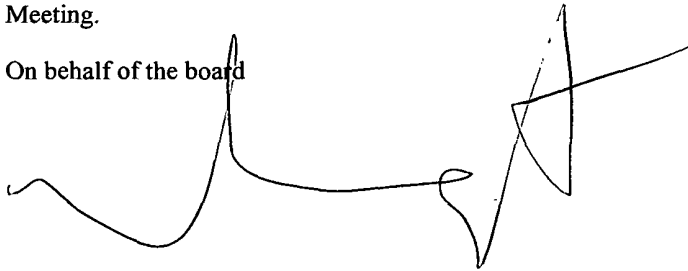
Directors' qualifying third party indemnity provisions

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: 27th April 2016

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, 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 2015 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 20. 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 7, 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 Strategic Report, Director's Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Copart UK Limited

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.

Ernst & Young LLP

Chris Nobbs (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: *28 April 2016*

Profit and loss account

for the year ended year ended 31 July 2015

	Notes	Total 2015 £'000	Total 2014 £'000
Turnover	2	115,346	126,094
Cost of sales		62,236	73,365
Gross profit		52,674	52,729
Administrative expenses		41,421	41,371
Operating profit	3	11,689	11,358
Interest receivable	6	42	172
Investment income	7	-	-
Interest payable	8	-	8
Profit on ordinary activities before taxation		11,731	11,522
Tax on profit on ordinary activities	9	4,037	3,670
Profit for the financial year transferred to reserves	19	7,694	7,852

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £7,694,000 attributable to the shareholders for the year ended 31 July 2015 (2014: £7,852,000).

All amounts relate to continuing operations.

Balance sheet

at 31 July 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	10	3,282	7,042
Investments	11	25,724	22,085
Tangible assets	12	12,873	13,737
		<u>41,879</u>	<u>42,864</u>
Current assets			
Stocks	13	1,799	1,751
Debtors	14	51,165	41,380
Cash at bank		24,325	18,612
		<u>77,289</u>	<u>61,743</u>
Creditors: amounts falling due within one year	15	35,795	23,596
Net current assets		<u>41,494</u>	<u>38,147</u>
Total assets less current liabilities		<u>83,373</u>	<u>81,011</u>
Creditors: amounts falling due after more than one year	16	3,910	2,597
Provisions for liabilities			
Deferred tax	9	601	526
Net assets		<u>78,862</u>	<u>77,888</u>
Capital and reserves			
Called up share capital	18	25	25
Capital reserves	19	32,454	32,454
Other reserves	19	17,310	17,310
Profit and loss account	19	29,073	28,099
Equity shareholders' funds		<u>78,862</u>	<u>77,888</u>

The financial statements were approved on
on its behalf by:

27/4/

2016 by the Board of Directors and signed

N Paget
Director

Notes to the financial statements

at 31 July 2015

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 2015

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 2015

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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Notes to the financial statements

at 31 July 2015

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):

	2015 £'000	2014 £'000
Auditors' remuneration- audit services	180	180
Depreciation of owned fixed assets	2,214	1,929
Profit on disposal of fixed assets	2	12
Amortisation of intangibles	3,760	5,882
Operating lease rentals for land and buildings from fellow group undertakings	10,934	10,933

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

4. Staff costs

	2015 £'000	2014 £'000
Wages and salaries	15,772	15,240
Social security costs	1,458	1,398
Other pension costs	296	216
Other costs	409	222
	<u>17,935</u>	<u>17,076</u>

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

	2015 No.	2014 No.
Site and transportation	323	323
Office and management	350	313
	<u>673</u>	<u>636</u>

Notes to the financial statements at 31 July 2015

5. Directors' emoluments

	2015 £'000	2014 £'000
Emoluments	376	363
Pension contributions	10	5
Other	317	118

During the year, 2 directors received shares under long term incentive schemes.

	2015 £'000	2014 £'000
In respect of the highest paid director:		
Emoluments	287	252
Pension contributions	2	-
Other	301	96

During the year, the highest paid director received shares under long term incentive schemes in respect of qualifying services.

6. Interest receivable

	2015 £'000	2014 £'000
Bank interest receivable	42	36
Intercompany interest receivable	-	136
	42	172

7. Investment income

	2015 £'000	2014 £'000
Dividends received	-	-

8. Interest payable

	2015 £'000	2014 £'000
Bank interest payable	-	8

Notes to the financial statements

at 31 July 2015

9. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015 £'000	2014 £'000
<i>Current tax:</i>		
UK corporation tax	3,697	3,505
Adjustments in respect of previous periods	264	(16)
Total current tax (note 9(b))	3,961	3,489
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 9(c))	-	172
Fixed assets	56	-
Adjustment in respect of previous periods	5	27
Short term timing differences	15	-
Changes in tax rates or laws	-	(18)
Tax on profit on ordinary activities	4,037	3,670

(b) Factors affecting current tax charge

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	11,731	11,522
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 20.67% (2014: 22.33%)	2,425	2,573
Expenses not deductible for tax purposes	1,243	1,512
Income not taxable for tax purposes	-	-
Accelerated capital allowances	(57)	(168)
Other timing differences	(15)	(4)
Adjustment to tax charge in respect of previous periods	264	(16)
Group relief not paid for	-	(369)
Transfer pricing	101	(39)
Total current tax (note 9(a))	3,961	3,489

Notes to the financial statements

at 31 July 2015

9. Taxation on ordinary activities (continued)

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2015 £'000	2014 £'000
Accelerated capital allowances	613	552
Short term timing differences	(12)	(26)
Gains	53	53
Deferred tax not provided	(53)	(53)
	<u>601</u>	<u>526</u>

The movement on the deferred tax liability is as follows:

	£'000
At 1 August 2014	526
Charged to the profit and loss account	70
Adjustment in respect of prior years	5
At 31 July 2015	<u>601</u>

10. Intangible fixed assets

	Supply contracts £'000	Goodwill £'000	Total £'000
Cost:			
At 1 August 2014	1,080	13,252	14,332
Additions	-	-	-
At 31 July 2015	<u>1,080</u>	<u>13,252</u>	<u>14,332</u>
Amortisation:			
At 1 August 2014	872	6,418	7,290
Provided during the year	-	3,760	3,760
Additions	-	-	-
At 31 July 2015	<u>872</u>	<u>10,178</u>	<u>11,050</u>
Net book value:			
At 31 July 2015	<u>208</u>	<u>3,074</u>	<u>3,282</u>
At 31 July 2014	<u>208</u>	<u>6,834</u>	<u>7,042</u>

Goodwill arose on the acquisition of the trade and assets of John Hewitt and Sons (Garages) Limited and is being amortised over its estimated useful life from the date of transfer of assets to Copart UK.

Notes to the financial statements

at 31 July 2015

11. Investments

	<i>Subsidiary undertakings £'000</i>	<i>Total £'000</i>
Cost:		
At 1 August 2014	22,085	22,085
Additions	3,639	3,639
At 31 July 2015	<u>25,724</u>	<u>25,724</u>

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
Autoresiduous SL	Ordinary shares	100%	Vehicle remarketing
Copart Vehicle Auctions Ireland Limited	Ordinary shares	100%	Vehicle remarketing
Universal Salvage Auctions Limited	Ordinary Shares	100%	Holding company
Copart (Tianjin) Auto Auction Co. Limited	Ordinary Shares	100%	Vehicle remarketing

12. Tangible fixed assets

	<i>Land, buildings and site improvements £'000</i>	<i>Plant, machinery and motor vehicles £'000</i>	<i>Office, computer and software equipment £'000</i>	<i>Assets in the course of construction £'000</i>	<i>Total £'000</i>
Cost:					
At 1 August 2014	103	22,429	2,521	1,640	26,693
Additions	3	44	-	1,411	1,458
Transfers in from group companies	-	-	-	-	-
Transfers out to group companies	-	(54)	-	-	(54)
Reclassifications	52	1,876	352	(2,280)	-
Disposals	-	(566)	(9)	-	(575)
At 31 July 2015	<u>158</u>	<u>23,729</u>	<u>2,864</u>	<u>771</u>	<u>27,522</u>
Depreciation:					
At 1 August 2014	85	11,040	1,831	-	12,956
Provided during the year	4	2,005	205	-	2,214
Transfers in from group companies	-	-	-	-	-
Transfers out to group companies	-	(37)	-	-	(37)
Disposals	-	(475)	(9)	-	(484)
At 31 July 2015	<u>89</u>	<u>12,533</u>	<u>2,027</u>	<u>-</u>	<u>14,649</u>
Net book value:					
31 July 2015	<u>69</u>	<u>11,196</u>	<u>837</u>	<u>771</u>	<u>12,873</u>
At 31 July 2014	<u>18</u>	<u>11,389</u>	<u>690</u>	<u>1,640</u>	<u>13,737</u>

Notes to the financial statements

at 31 July 2015

13. Stocks

	2015 £'000	2014 £'000
Vehicles or components for resale (less provisions)	<u>1,799</u>	<u>1,751</u>

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

14. Debtors

	2015 £'000	2014 £'000
Trade debtors	9,607	9,313
Amounts owed by group undertakings	22,263	10,359
Prepayments and accrued income	4,902	4,210
Other debtors	13,781	17,498
Other tax	612	-
	<u>51,165</u>	<u>41,380</u>

15. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	6,508	7,348
Other creditors	39	39
Amounts owed to group undertakings	24,533	11,474
Other taxation and social security	236	1,929
Accruals and deferred income	2,042	1,984
Corporation tax	2,437	822
	<u>35,795</u>	<u>23,596</u>

16. Creditors: amounts falling after more than one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	<u>3,910</u>	<u>2,597</u>
	<u>3,910</u>	<u>2,597</u>

These loans are not interest bearing.

Notes to the financial statements

at 31 July 2015

17. Share options

During the period ended 31 July 2015, the company had 3 share-based payment arrangements, which are described below.

	RSU	ISO	NQ
Date of grant	-	10/07/15	10/07/15
Number granted	-	106,074	152,926
Contractual life	-	10 years	10 years
Vesting conditions	-	20% on vest date 80% over remaining years	20% on vest date 80% over remaining years

There were no grants relating to the RSU scheme during the period.

The estimated fair value was calculated by applying a Black-Scholes-Merton model.

The model inputs were:

- share price at grant date of \$35.45;
- expected volatility of 25.04%;
- no expected dividends;
- contractual life of 10 years; and
- a risk-free interest rate of 1.65%.

Historical volatility was 24.95%.

Further details of the share option plans are as follows:

	<i>Number Of Options</i>	<i>Weighted Ave Share Price</i>
Outstanding as at 01/08/2014	440,000	\$24.498
Granted during the year	259,000	\$35.450
Forfeited during the year	-	\$35.450
Exercised during the year	-	-
Outstanding as at 31/07/2015	699,000	\$28.722
Exercisable as at 31/07/2015	320,262	\$21.212

The options outstanding as at 31/07/2015 had an exercise price of \$28.722, and a weighted average contractual life of 7.40 years.

	<i>2015 £'000</i>	<i>2014 £'000</i>
Expense arising from share option plans	409	222
Closing balance of liability	-	-

Notes to the financial statements

at 31 July 2015

18. Allotted and issued share capital

Allotted, called up and fully paid

	2015 £	2014 £
25,001 ordinary shares of £1 each	<u>25,001</u>	<u>25,001</u>

19. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £'000</i>	<i>Capital reserve £'000</i>	<i>Other reserves £'000</i>	<i>Profit and loss account £'000</i>	<i>Total shareholder funds £'000</i>
At 1 August 2014	25	32,454	17,310	28,099	77,888
Profit for the year	-	-	-	7,694	7,694
Dividends declared and paid	-	-	-	(6,720)	(6,720)
At 31 July 2015	<u>25</u>	<u>32,454</u>	<u>17,310</u>	<u>29,073</u>	<u>78,862</u>

20. 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.