

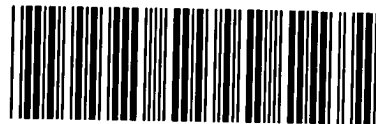
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CPRT (EUROPE) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

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CPRT (EUROPE) LIMITED

COMPANY INFORMATION

Directors	G DePasquale J Liaw S Powers J Pocock (appointed 30 June 2021)
Company secretary	HP Secretarial Services Limited
Registered number	08220699
Registered office	Acree Fields Woburn Road Wootton Bedfordshire MK43 9EJ
Independent auditors	Ernst & Young LLP 400 Capability Green Luton Bedfordshire LU1 3LU
Bankers	Barclays Bank Plc 497 Silbury Boulevard Milton Keynes MK9 2LD

CPRT (EUROPE) LIMITED

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CPRT (EUROPE) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

Principal activities and review of the business

CPRT (Europe) Limited is, a wholly owned subsidiary of Universal Salvage Limited, whose ultimate parent company is Copart Inc., of Dallas. The company is the UK domiciled holding company of Copart's international venture in Brazil where the operating company's principal activity is the provision of remarketing services to the Brazilian insurance and automotive industries.

Results and dividends

Turnover for the period to 31 July 2021 was BRL nil (2020: BRL nil). The profit for the same period before taxation was BRL 16.6m (2020: BRL 15.6m). The reported profit is resultant from interest receivable on a loan to a subsidiary undertaking of BRL 2.6m (2020: BRL 4.7m) and dividends received from a subsidiary undertaking of BRL 14.0m (2020: BRL nil). As at 31 July 2021 investments were BRL 41.2 m (2020: BRL 41.2m), representing the investment in Brazil.

The administrative expenses of BRL nil (2020: BRL 11.0m) is primarily driven by foreign exchange gain offset by unreclaimable withholding tax.

The company has paid dividends in the period of BRL 64.1m (2020: BRL nil).

Principal risks and uncertainties

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

Economic Risk

During the reported period interest rates have remained at a consistently low level. Management expect that during the next reported period, interest rates are likely to remain at a low level.

Financial Risk

All loans and investments are internal to the Copart group of companies. External financial risk is very 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.

Brexit

Following the Brexit transition period coming to an end on the 31 December 2020, Copart continues to closely monitor any changes in global economic conditions, instability in global financial markets, political uncertainty, volatility in currency exchange rates, or changes in the cross-border agreements, any of which could have an adverse impact on our financial results in the future. To date, there have been no changes to Copart's operations resulting from Brexit, but plans are in place should any changes be required in the future.

COVID-19

The disclosures below are applicable for all the UK group of companies referred to as Copart.

As COVID-19 pandemic is still ongoing and with new variants in particular Omicron still posing a threat, Copart has maintained their team of senior management to review, discuss, and implement actions in response to the pandemic. The responsibility of this team is to discuss the welfare of colleagues, customers and members during this time whilst interpreting and implementing changes in government guidelines.

During lockdowns when non-essential businesses have been instructed to close, Copart continued to be recognised as an essential service to the insurance sector due to the total loss vehicle collections we make on their behalf and therefore able to continue in operation. Copart also continues to offer this vital service whilst protecting its colleagues working in the frontline of its business and its customers and members. Copart utilises the internet and apps to interact and trade with customers and members and can therefore offer a contactless service with relatively few changes to the process.

CPRT (EUROPE) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

People

During lockdowns Copart has kept all facilities operational but has closed to members to protect our colleagues. Social distancing guidelines have been implemented in the facilities to include one-way systems, protective screens and desks subdivided offering colleagues' extra protection. To continue trading while being closed to members a delivery only service has been in operation, utilising the large network of transporters available. During the latter half of the reporting year, as restrictions started to ease, our facilities were re-opened to members, whilst continuing to observe government guidelines on health and safety practises.

Head office colleagues have had a phased return to the office and re-opening of facilities whilst adhering to government guidelines. In addition, employee communications are drafted by Copart's COBR committee, and takes into consideration key Government advice and guidance, and is communicated out to all Copart teammates on a regular basis.

Health and Safety

Health and safety is always an important factor to the business and increased hygiene practices and cleaning regimes have been put in place across the business. PPE has been made available to colleagues including anti-bacterial gel and wipes.

Supply chain

The supply of vehicles for auctions comes largely from the insurance industry. During the first half of the reporting year, when the UK was still in lockdown there has been slight drop in the level of miles driven and claims frequencies. However, during the latter half of the year assignments of vehicles to Copart returned to pre COVID levels. Cycle time of processing vehicles through a claim has also allowed a sufficient volume of vehicles to continue with routine auctions.

Demand

Throughout the pandemic demand at the auctions has remained strong. Average sale prices and returns have remained stable indicating that the effects of the COVID-19 pandemic on Copart UK's business are not permanent.

Risk and Opportunities

At the time of signing the business has a strong level of inventory and volumes have also returned to pre COVID-19 levels. However, due to new COVID variants like Omicron, there may be a risk that the UK goes back into lockdown. Should this occur, Copart has necessary plans in place to continue trading as an essential service provider, as it has done in previous lockdowns. In addition, government may advise the use of public transport to be limited to essential travel only. There is therefore an expectation that individuals will make greater use of personal vehicles increasing the miles driven and corresponding claims frequency.

Due to the pandemic the sale of new cars has reduced, providing an opportunity for an increased demand in parts to repair and maintain existing vehicles. Management believe this provides an opportunity for increased vehicle sales and to develop Copart's parts offering.

Investment Valuations

The COVID-19 pandemic has continued to affect many countries. There have been many restrictions affecting businesses across the world, including Copart Brazil. They have continued to provide an essential service as part of their national transport infrastructure by collecting accident damaged vehicles and are strong contributors to ensuring that the Brazilian national road networks remain unobstructed. This has been particularly important in assisting the country's emergency services and essential travellers.

CPRT (EUROPE) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

Directors' statement of compliance with duty to promote the success of the Company

The directors have considered their responsibilities under Section 172 of the Companies Act 2006. Using the strategic relevance as the guiding principal the directors have determined that the company has very few matters to disclose given the nature of the holding company. The following disclosure describes how the directors have had regard to the matters set out in Section 172 of the Companies Act and have taken decisions for the long term benefit of the company and its stakeholders.

Assessment of Key Stakeholders

The board assisted by the management team have reviewed the stakeholders in the business and believe the most significant are the ultimate parent company Copart Inc and subsidiary CPRT Holding Company Netherlands BV

Principal Decisions

We define principal decisions as both those that are material to the group, but also those that are significant to any of our stakeholder groups. In making principal decisions the Board consider the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of integrity and business conduct. During the year, the share premium of BRL 133,357,000 was converted to distributable reserves. Post year end, the intercompany loans with Copart do Brasil Organização de Leilões were fully settled.

This report was approved by the board on

4/28/2022

and signed on its behalf.



G DePasquale
Director

CPRT (EUROPE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021

The directors present their report and the financial statements for the year ended 31 July 2021.

Directors

The directors who served during the year were:

G DePasquale
J Liaw
S Powers
J Pocock (appointed 30 June 2021)

Secretary

The secretary who served the company during the period was:

HP Secretarial Services Limited

Political contributions

The company has made no political or charitable contributions during the reported period.

Future developments

The company's role supports the commercial proposition of the wholly owned subsidiaries and where commercial opportunities are identified CPRT (Europe)'s role within the group will be reviewed. In the medium term the nature of the company's role within the group is expected to remain constant.

Creditor payment policy

The company has no external creditors other than those related to tax.

Going concern

CPRT (Europe) 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.

The directors have considered the changing global macroeconomic environment on the business and the appropriateness of the going concern assessment for the period of 15 months through to July 2023.

The comments below represent factors important to the UK Group of companies as a whole.

Whenever the country was placed in lockdown and non-essential businesses instructed to close, Copart was recognised as an essential service to the insurance sector due to the total loss vehicle collections we make on their behalf and therefore was able to continue in operation. Copart remained resilient throughout the pandemic.

The directors have also considered wider macroeconomic factors that will impact the business. Energy costs have been rising and are expected to increase. Fuel prices have also been increasing, impacted by Russia's invasion of Ukraine. These increased costs will not impact the business's ability to continue as a going concern.

The business is continuing to grow, investing in land and transport. The business will consider acquisition opportunities if they arise.

CPRT (EUROPE) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

Cash reserves in place are sufficient for the business to continue in operation for the foreseeable future and support is available from the ultimate parent company if required. The going concern status of the ultimate parent company has been considered and management believe they have adequate resources to support the UK business and continue in operational existence for the going concern assessment period if required.

As at the end of March 2022, the UK companies had £99.7m of cash and cash equivalents with no external borrowings. Excluding the effect of repayment of intercompany interest and the issuance of intercompany loans, the UK business increased cash by £58.0m since the balance sheet date even during the toughest of trading environments.

In making their assessment of going concern, management have been provided with a confirmation that, in the unlikely event the UK business were to require financial support from the parent, that this would be forthcoming. The directors have considered the ability of the parent to be able to provide that support and have concluded that the Group has ample resources should they be called upon.

The directors consider the global economic factors to not change the reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future.

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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

4/28/2022

and signed on its behalf.



G DePasquale
Director

CPRT (EUROPE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2021

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to 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 CPRT (EUROPE) LIMITED

Opinion

We have audited the financial statements of CPRT (EUROPE) LIMITED for the year ended 31 July 2021 which comprise of the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 July 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 15 months through to July 2023 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CPRT (EUROPE) LIMITED (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CPRT (EUROPE) LIMITED (continued)

Explanation as to what extent the audit was considered capable of detecting Irregularities, Including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

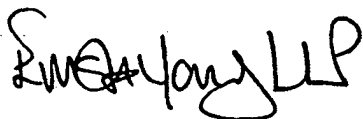
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006), the relevant tax compliance regulations in the UK, Data Protection Act, Health and Safety at Work Act, HMRC regulations, UK Bribery Act, Equality Act, and Anti-Money Laundering Regulations.
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and any correspondence received from regulatory bodies. We tested entity level controls in place, which corroborated the fact that management has established a number of policies and procedures to prevent non-compliance with laws and regulations by officers and employees, including the existence of a formal code of conduct and employee handbooks, whistleblowing policies and processes in place, and an internal audit function run by the ultimate parent. We considered management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading internal policies, holding enquiries of management and those charged with governance and the in-house legal counsel as to any fraud risk framework within the entity.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved
 - Enquiry of management and those charged with governance as to any fraud risk framework within the entity, including whether a formal fraud risk assessment is completed.
 - Enquiry of management, those charged with governance and the entity's in-house legal team around actual and potential litigation and claims.
 - Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations, including communications with regulators and tax authorities.
 - Reading minutes of meetings of those charged with governance.
 - Enquiry of management over reports to whistleblowing hotlines.
 - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
 - Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness agreeing back to source documentation or independent confirmations.
 - Using data analytics to highlight potentially anomalous transactions in areas of the business which are determined to have an elevated fraud risk.
 - Evaluating the business rationale of significant transactions outside the normal course of business, and;
 - Challenging judgements made by management. This included corroborating the inputs and considering contradictory evidence.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CPRT (EUROPE) LIMITED (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

A handwritten signature in black ink, appearing to read 'Juliet Thomas', followed by the letters 'LLP'.

Juliet Thomas (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP

Luton

Date: 29 April 2022

CPRT (EUROPE) LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2021**

	Note	2021 BRL000	2020 BRL000
Administrative expenses		(22)	10,968
Operating (loss)/profit	3	(22)	10,968
Income from shares in group undertakings		14,000	-
Interest receivable and similar income	6	2,629	4,676
Profit before tax		16,607	15,644
Tax on profit	7	252	(3,201)
Profit for the financial year		16,859	12,443

The notes on pages 15 to 22 form part of these financial statements.

All amounts relate to continuing operations.

CPRT (EUROPE) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

	Note	2021 BRL000	2020 BRL000
Profit for the financial year		16,859	12,443
Other comprehensive income			
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>16,859</u>	<u>12,443</u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the income statement.


The notes on pages 15 to 22 form part of these financial statements.

CPRT (EUROPE) LIMITED
REGISTERED NUMBER:08220699

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021

	Note	2021 BRL000	2020 BRL000
Fixed assets			
Investments	8	41,251	41,251
		<u>41,251</u>	<u>41,251</u>
Current assets			
Debtors: amounts falling due after more than one year	9	35,553	87,017
Debtors: amounts falling due within one year	9	34,196	35,214
Cash at bank and in hand		-	3
		<u>69,749</u>	<u>122,234</u>
Creditors: amounts falling due within one year	10	-	(5,291)
Net current assets		<u>69,749</u>	<u>116,943</u>
Total assets less current liabilities		<u>111,000</u>	<u>158,194</u>
Net assets		<u>111,000</u>	<u>158,194</u>
Capital and reserves			
Called up share capital	11	5	5
Share premium account		-	133,357
Other reserves		169	169
Profit and loss account		110,826	24,663
		<u>111,000</u>	<u>158,194</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

4/28/2022


G DePasquale
Director

The notes on pages 15 to 22 form part of these financial statements.

CPRT (EUROPE) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

	Called up share capital BRL000	Share premium account BRL000	Capital contribution BRL000	Profit and loss account BRL000	Total equity BRL000
At 1 August 2019	5	133,357	169	12,220	145,751
Comprehensive income for the year					
Profit for the year	-	-	-	12,443	12,443
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	12,443	12,443
Total transactions with owners	-	-	-	-	-
At 1 August 2020	5	133,357	169	24,663	158,194
Comprehensive income for the year					
Profit for the year	-	-	-	16,859	16,859
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	16,859	16,859
Dividends: Equity capital	-	-	-	(64,053)	(64,053)
Conversion of share premium	-	-	-	133,357	133,357
Reduction of share premium	-	(133,357)	-	-	(133,357)
Total transactions with owners	-	(133,357)	-	69,304	(64,053)
At 31 July 2021	5	-	169	110,826	111,000

The notes on pages 15 to 22 form part of these financial statements.

Capital contribution comprises additional investment from group companies brought forward from prior years.

During the year the share premium of BRL 133,357,000 was converted to distributable reserves.

CPRT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1. Accounting policies

Basis of preparation of financial statements

CPRT (Europe) Limited is a limited liability company incorporated in England. The registered office is disclosed on the company information page. The financial statements are prepared under the historical cost convention and have been prepared in accordance with Financial Reporting Standard 102, the financial reporting standard applicable in the United Kingdom and the Republic of Ireland and in compliance with Companies Act 2006.

The company's functional and presentational currency is Brazilian Real.

Going concern

CPRT Europe 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.

The directors have considered the changing global macroeconomic environment on the business and the appropriateness of the going concern assessment for the period of 15 months through to July 2023.

The comments below represent factors important to the UK Group of companies as a whole.

Whenever the country was placed in lockdown and non-essential businesses instructed to close, Copart was recognised as an essential service to the insurance sector due to the total loss vehicle collections we make on their behalf and therefore was able to continue in operation. Copart remained resilient throughout the pandemic.

The directors have also considered wider macroeconomic factors that will impact the business. Energy costs have been rising and are expected to increase. Fuel prices have also been increasing, impacted by Russia's invasion of Ukraine. These increased costs will not impact the business's ability to continue as a going concern.

The business is continuing to grow, investing in land and transport. The business will consider acquisition opportunities if they arise.

Cash reserves in place are sufficient for the business to continue in operation for the foreseeable future and support is available from the ultimate parent company if required. The going concern status of the ultimate parent company has been considered and management believe they have adequate resources to support the UK business and continue in operational existence for the going concern assessment period if required.

As at the end of March 2022, the UK companies had £99.7m of cash and cash equivalents with no external borrowings. Excluding the effect of repayment of intercompany interest and the issuance of intercompany loans, the UK business increased cash by £58.0m since the balance sheet date even during the toughest of trading environments.

In making their assessment of going concern, management have been provided with a confirmation that, in the unlikely event the UK business were to require financial support from the parent, that this would be forthcoming. The directors have considered the ability of the parent to be able to provide that support and have concluded that the Group has ample resources should they be called upon.

CPRT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1. Accounting policies (continued)

Going concern (continued)

The directors consider the global economic factors to not change the reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future.

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 FRS 102 para 1.12 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 102 para 33.1, not to disclose certain related party transactions, as the company is a member of the Copart, Inc. group of companies, the consolidated financial statements of which are publicly available.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimations and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Fixed asset investments

Management judgement is required to determine whether the investment provision is required. Management assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, management make an estimate of the assets recoverable amount in order to determine the extent of the impairment loss.

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.

CPRT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1. Accounting policies (continued)

Deferred tax

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 reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2. Turnover

The company has no turnover as the company has no trade, acting as a holding company only.

3. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021 BRL000	2020 BRL000
(Loss)/gain on foreign exchange	1,955	11,019
Unreclaimable withholding tax	1,947	-

Auditors' remuneration is borne by a fellow group undertaking.

4. Employees

The Company has no employees other than the directors, which is disclosed separately in the note below.

CPRT (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

5. Directors' remuneration

	2021 BRL000	2020 BRL000
Directors' emoluments	17	42
	<u>17</u>	<u>42</u>

Some of the directors' emoluments of the entity are borne by other group undertakings outside of the UK, which cannot be proportioned appropriately. Other directors' emoluments are borne by other group undertakings within the UK and have been apportioned based on services supplied to the company and disclosed above.

6. Interest receivable

	2021 BRL000	2020 BRL000
Loan interest receivable - group undertakings	2,629	4,676
	<u>2,629</u>	<u>4,676</u>

7. Taxation

	2021 BRL000	2020 BRL000
Corporation tax		
Current tax on profits for the year	-	3,201
Adjustments in respect of previous periods	(252)	-
	<u>(252)</u>	<u>3,201</u>
Total current tax	<u>(252)</u>	<u>3,201</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(252)</u>	<u>3,201</u>

CPRT (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 BRL000	2020 BRL000
Profit on ordinary activities before tax	16,607	15,644
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	3,155	2,972
Effects of:		
Adjustment in respect of non trade relationship interest	250	229
Non-taxable income	(2,660)	-
Withholding tax	(1,115)	-
Adjustment in respect of unreclaimable withholding tax	370	-
Adjustments to tax charge in respect of prior periods	(252)	-
Total tax charge for the year	(252)	3,201

Factors that may affect future tax charges

The Finance Act 2020 included legislation to maintain the main rate of UK corporation tax at 19%, rather than reducing it to 17% from 1 April 2020.

The Finance Act 2021 enacted on 10 June 2021 included an increase to the UK's main corporation tax rate to 25%, effective from 1 April 2023. The 19% rate will continue to apply where profits are below £50,000.

CPRT (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

8. Fixed asset investments

	Investments in subsidiary companies BRL000
Cost or valuation	
At 1 August 2020	41,251
At 31 July 2021	<u>41,251</u>

Details of investments where the company holds more than 20% of the Ordinary capital of the company:
(*Indirect investment by virtue of the companies direct investment in CPRT Holding Co Netherlands BV .)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
CPRT Holding Co Netherlands BV	Keplerstraat 34, 1171 CD, Badhoevedorp	Holding company	Ordinary shares	100%
CPRT Holdings LLC*	City of Itaquaquecetuba, State of São Paulo, at Estrada Muranaka, nº 199, 08597-230, Brazil	Holding company	Ordinary shares	100%
Copart do Brasil Organizacao de Leiloes Ltda*	City of Itaquaquecetuba, State of São Paulo, at Estrada Muranaka, nº 199, 08597-230, Brazil	Vehicle remarketing	Ordinary shares	100%
Copart do Brasil Transportes Ltda*	City of Itaquaquecetuba, State of São Paulo, at Estrada Muranaka, nº 199, 08597-230, Brazil	Vehicle remarketing	Ordinary shares	100%

9. Debtors

	2021 BRL000	2020 BRL000
Due after more than one year		
Amounts owed by subsidiary undertakings	35,553	87,017
	<u>35,553</u>	<u>87,017</u>

CPRT (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

9. Debtors (continued)

Amounts owed by subsidiary group undertakings includes loans to Copart do Brasil Organização de Leilões of BRL 35,553,000 (2020: BRL 87,017,000) including interest of BRL 7,271,000 (2020: BRL 17,619,000) calculated at LIBOR + 3.0% and are repayable between September 2022 and March 2023.

	2021 BRL000	2020 BRL000
Due within one year		
Amounts owed by group undertakings	33,944	35,214
Corporation tax	252	-
	<u>34,196</u>	<u>35,214</u>

Amounts owed by other group undertakings are unsecured, interest free and repayable on demand.

10. Creditors: Amounts falling due within one year

	2021 BRL000	2020 BRL000
Amounts owed to group undertakings	-	2,090
Corporation tax	-	3,201
	<u>-</u>	<u>5,291</u>

Amounts owed to other group undertakings are unsecured, interest free and repayable on demand.

11. Share capital

	2021 BRL000	2020 BRL000
Allotted, called up and fully paid		
1,004 (2020 - 1,004) Ordinary shares shares of £1.00 each	<u>5</u>	<u>5</u>

12. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Universal Salvage Limited, a limited company incorporated in the UK. 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 Inc., 14185 Dallas Parkway, Ste 300, Dallas, TX75254, USA.

CPRT (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

13. Post balance sheet events

In January 2022 Copart do Brasil Organização de Leilões repaid intercompany loans of BRL 36m in full. Subsequent to this, CPRT (Europe) Limited declared dividends of BRL 36m to Universal Salvage Limited, BRL 35m settled by movement in cash balances.