

Registered number: 08220699

CPRT (EUROPE) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

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CPRT (EUROPE) LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|--|
| Directors | S Powers J Pocock L Stearns (appointed 17 January 2023) P Kirkpatrick (appointed 17 January 2023) K Duty (appointed 17 January 2023) |
| Company secretary | HP Secretarial Services Limited |
| Registered number | 08220699 |
| Registered office | Acrey Fields Woburn Road Wootton Bedfordshire MK43 9EJ |
| Independent auditors | Ernst & Young LLP 400 Capability Green Luton Bedfordshire LU1 3LU |

CPRT (EUROPE) LIMITED

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CPRT (EUROPE) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

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 2023 was BRL nil (2022: BRL nil). The loss for the same period before taxation was BRL 0.7m (2022: BRL 3.1m). The reported loss is largely as a result of foreign exchange rate loss. As at 31 July 2023 investments were BRL 41.2 m (2022: BRL 41.2m), representing the investment in Brazil.

The administrative expenses of BRL 0.7m (2022: BRL 3.6m) is primarily driven by foreign exchange loss.

The company has paid dividends in the period of BRL nil (2022: BRL 36m).

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.

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. Copart's own Driver Academy provides full training and support to new drivers, ensuring best in class service is delivered to our internal and external customers.

During the period employees remained fully apprised of company development or service innovations through weekly briefings, and regular employee magazines. Annually the company surveys its employees for their opinions and ideas.

CPRT (EUROPE) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023**

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' 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. There are no principal decision to disclose in the year.

This report was approved by the board on 26 April 2024 and signed on its behalf.


L Stearns
Director

CPRT (EUROPE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2023

The directors present their report and the financial statements for the year ended 31 July 2023.

Directors

The directors who served during the year were:

G DePasquale (resigned 23 December 2022)

J Liaw (resigned 17 January 2023)

S Powers

J Pocock

L Stearns (appointed 17 January 2023)

P Kirkpatrick (appointed 17 January 2023)

K Duty (appointed 17 January 2023)

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.

Going concern

The Directors have adopted the going concern basis for preparation of the financial statements of the Company and the UK subsidiaries of CPRT LLP, referred to as the UK Group. The UK Group is managed centrally and is supported by the main trading entity Copart UK Limited, as such the going concern assessment has been conducted on a UK Group basis.

The Directors have considered the changing global macroeconomic environment on the business and the appropriateness of the going concern assessment for the period through to July 2025.

The comments below represent factors important to the whole UK Group, given Copart UK Limited provides financial support to the remaining entities in the UK and Copart UK Limited obtains support from Copart Inc.

The Directors have considered wider macroeconomic factors that will impact the business. Cost of living crisis has impacted households' disposable income but given the companies diverse customer base, sale volumes have not been impacted. High inflation during the reported period slightly impacted operating costs and fuel prices remained volatile in the current climate, impacted by the ongoing war in Ukraine and OPEC countries cutting back on production. These increased costs have been included in the cashflow forecast and are not expected to 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 2023**

As at the end of March 2024, the UK Group had £30.2m of cash and cash equivalents. Net income for the 8 months ended 31 March 2024 approximated £48.9m.

The Directors have obtained a letter of support from Copart Inc and have assessed the ability of the entity to provide any necessary support and to make cash available as needed including the ability of the entity to meet the covenant requirements to access the Revolving credit facility.

The Directors have a reasonable expectation that the Company and the UK Group have adequate resources to continue in operational existence for the going concern assessment period through to July 2025. Accordingly, the financial statements are prepared on a going concern basis.

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 26 April 2024 and signed on its behalf.


L Stearns
Director

CPRT (EUROPE) LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JULY 2023**

The directors acknowledge their responsibility for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable United Kingdom 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), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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 in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, 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 appropriate to presume that the Company will not 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

INDEPENDENT AUDITOR'S 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 2023 which comprise 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 2023 and of its loss 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 to July 2025.

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.

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

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

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 5, 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 AUDITOR'S 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, environmental regulations, and other specific legislations as follows: General Data Protection Regulations (GDPR), UK Bribery Act, Anti-Money Laundering regulations, the Equality Act, Competition laws, Health and Safety laws, and employment 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 assessed the 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, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- 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 noncompliance with such laws and regulations. Our procedures involved:
 - Enquiries of management, those charged with governance and entity staff in tax and compliance functions as to; any fraud risk framework within the entity, including whether a formal fraud risk assessment is completed, any actual and potential litigation and claims; any instances of non-compliance with laws and regulations, including communications with regulators and tax authorities and identifying any reports to whistleblowing hotlines;
 - Reading minutes of meetings of those charged with governance and 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 using data analytics, including testing journal entries and other adjustments for appropriateness and agreeing back to source documentation or independent confirmations;
 - Evaluating the business rationale of significant transactions outside the normal course of business; and
 - Challenging estimates and judgements made by management by corroborating the inputs and considering contradictory evidence.

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.

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

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.

Ernst & Young LLP

Angura Begum (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
Date: 26 April 2024

CPRT (EUROPE) LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2023**

| | Note | 2023 BRL000 | 2022 BRL000 |
|--|------|----------------|----------------|
| Administrative expenses | | (730) | (3,614) |
| Operating loss | 3 | (730) | (3,614) |
| Interest receivable and similar income | 6 | 65 | 479 |
| Interest payable and similar expenses | 7 | (1) | - |
| Loss before tax | | (666) | (3,135) |
| Tax on loss | 8 | - | 1,559 |
| Loss for the financial year | | (666) | (1,576) |

The notes on pages 14 to 21 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 2023**

| | Note | 2023 BRL000 | 2022 BRL000 |
|--|------|----------------|----------------|
| Loss for the financial year | | (666) | (1,576) |
| Other comprehensive income | | | |
| Other comprehensive income | | - | - |
| Other comprehensive income for the year | | - | - |
| Total comprehensive loss for the year | | <u>(666)</u> | <u>(1,576)</u> |

There were no recognised gains and losses for 2023 or 2022 other than those included in the income statement.

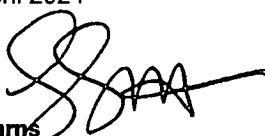
The notes on pages 14 to 21 form part of these financial statements.

CPRT (EUROPE) LIMITED
REGISTERED NUMBER:08220699

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2023

| | Note | 2023 BRL000 | 2022 BRL000 |
|--|------|----------------------|----------------------|
| Fixed assets | | | |
| Investments | 9 | 41,251 | 41,251 |
| | | <u>41,251</u> | <u>41,251</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 10 | 32,638 | 33,304 |
| | | <u>32,638</u> | <u>33,304</u> |
| Creditors: amounts falling due within one year | 11 | (1,163) | (1,163) |
| | | <u>(1,163)</u> | <u>(1,163)</u> |
| Net current assets | | <u>31,475</u> | <u>32,141</u> |
| Total assets less current liabilities | | <u>72,726</u> | <u>73,392</u> |
| Net assets | | <u><u>72,726</u></u> | <u><u>73,392</u></u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 5 | 5 |
| Other reserves | | 169 | 169 |
| Profit and loss account | | 72,552 | 73,218 |
| | | <u>72,726</u> | <u>73,392</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 April 2024


L Stearns
 Director

The notes on pages 14 to 21 form part of these financial statements.

CPRT (EUROPE) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2023**

| | Called up share capital BRL000 | Capital contribution BRL000 | Profit and loss account BRL000 | Total equity BRL000 |
|---|--------------------------------------|-----------------------------------|--------------------------------------|------------------------|
| At 1 August 2021 | 5 | 169 | 110,826 | 111,000 |
| Comprehensive loss for the year | | | | |
| Loss for the year | - | - | (1,576) | (1,576) |
| Total comprehensive loss for the year | - | - | (1,576) | (1,576) |
| Contributions by and distributions to owners | | | | |
| Dividends: Equity capital | - | - | (36,032) | (36,032) |
| Total transactions with owners | - | - | (36,032) | (36,032) |
| At 1 August 2022 | 5 | 169 | 73,218 | 73,392 |
| Comprehensive loss for the year | | | | |
| Loss for the year | - | - | (666) | (666) |
| Total comprehensive loss for the year | - | - | (666) | (666) |
| Total transactions with owners | - | - | - | - |
| At 31 July 2023 | 5 | 169 | 72,552 | 72,726 |

The notes on pages 14 to 21 form part of these financial statements.

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

CPRT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

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.

All values are rounded to the nearest thousands except where otherwise indicated.

Going concern

The Directors have adopted the going concern basis for preparation of the financial statements of the Company and the UK subsidiaries of CPRT LLP, referred to as the UK Group. The UK Group is managed centrally and is supported by the main trading entity Copart UK Limited, as such the going concern assessment has been conducted on a UK Group basis.

The Directors have considered the changing global macroeconomic environment on the business and the appropriateness of the going concern assessment for the period through to July 2025.

The comments below represent factors important to the whole UK Group, given Copart UK Limited provides financial support to the remaining entities in the UK and Copart UK Limited obtains support from Copart Inc.

The Directors have considered wider macroeconomic factors that will impact the business. Cost of living crisis has impacted households' disposable income but given the companies diverse customer base, sale volumes have not been impacted. High inflation during the reported period slightly impacted operating costs and fuel prices remained volatile in the current climate, impacted by the ongoing war in Ukraine and OPEC countries cutting back on production. These increased costs have been included in the cashflow forecast and are not expected to 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.

As at the end of March 2024, the UK Group had £30.2m of cash and cash equivalents. Net income for the 8 months ended 31 March 2024 approximated £48.9m.

The Directors have obtained a letter of support from Copart Inc and have assessed the ability of the entity to provide any necessary support and to make cash available as needed including the ability of the entity to meet the covenant requirements to access the Revolving credit facility.

The Directors have a reasonable expectation that the Company and the UK Group have adequate resources to continue in operational existence for the going concern assessment period through to July 2025. Accordingly, the financial statements are prepared on a going concern basis.

CPRT (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

1. Accounting policies (continued)

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 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 2023**

1. Accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that arises when income or expenses from subsidiaries, associates and joint ventures have been recognised in the financial statements and will be assessed to tax in a future period, except where the entity is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future;
- where there are differences between the amounts that can be deducted for tax for assets (other than goodwill) and/or between amounts that will be assessed for tax in respect of liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination, deferred tax liabilities/(assets) are recognised. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

The operating loss is stated after charging:

| | 2023 BRL000 | 2022 BRL000 |
|----------------------------|----------------|----------------|
| (Loss) on foreign exchange | (570) | (2,449) |

Auditors' remuneration is borne by a fellow group undertaking.

CPRT (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

4. Employees

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

5. Directors' remuneration

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 as the directors are also directors of a number of companies in the group. The directors' services to the company are not significant, and as such, the directors do not consider that they have received any remuneration for their services to the company.

6. Interest receivable

| | 2023 BRL000 | 2022 BRL000 |
|---------------------|----------------|----------------|
| Interest receivable | 65 | 479 |
| | <u>65</u> | <u>479</u> |

7. Interest payable and similar expenses

| | 2023 BRL000 | 2022 BRL000 |
|------------------|----------------|----------------|
| Interest payable | 1 | - |
| | <u>1</u> | <u>-</u> |

CPRT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

8. Taxation

| | 2023 BRL000 | 2022 BRL000 |
|---|----------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | - | (72) |
| Adjustments in respect of previous periods | - | (1,487) |
| | - | (1,559) |
| Total current tax | - | (1,559) |
| Deferred tax | | |
| Total deferred tax | - | - |
| Taxation on profit/(loss) on ordinary activities | - | (1,559) |

CPRT (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the hybrid rate of corporation tax in the UK of 21% (2022 - 19%). The differences are explained below:

| | 2023 BRL000 | 2022 BRL000 |
|--|----------------|----------------|
| Loss on ordinary activities before tax | (666) | (3,135) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2022 - 19%) | (140) | (596) |
| Effects of: | | |
| Adjustments to tax charge in respect of prior periods | - | (1,487) |
| Adjustment in respect of non trade relationship interest | 453 | 244 |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | - | 221 |
| Group Relief | (313) | 130 |
| Withholding tax | - | (71) |
| Total tax charge/ (credit) for the year | - | (1,559) |

Factors that may affect future tax charges

UK Corporation tax rate increased from 19% to 25% on 1st April 2023, as announced in the Finance Act 2021. A hybrid rate of 21% applies in the year.

9. Fixed asset investments

| | Investments in subsidiary companies BRL000 |
|-------------------|---|
| Cost or valuation | |
| At 1 August 2022 | 41,251 |
| At 31 July 2023 | 41,251 |

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 .)

CPRT (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

9. Fixed asset investments (continued)

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% |

10. Debtors

| | 2023 BRL000 | 2022 BRL000 |
|------------------------------------|----------------|----------------|
| Due within one year | | |
| Amounts owed by group undertakings | 32,625 | 30,606 |
| Corporation tax | 13 | 2,698 |
| | <u>32,638</u> | <u>33,304</u> |

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

CPRT (EUROPE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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11. Creditors: Amounts falling due within one year

| | 2023 BRL000 | 2022 BRL000 |
|-------------------------------------|----------------|----------------|
| Amounts owed to parent undertakings | 1,163 | 1,163 |
| | <u>1,163</u> | <u>1,163</u> |

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

12. Share capital

| | 2023 BRL000 | 2022 BRL000 |
|---|----------------|----------------|
| Allotted, called up and fully paid | | |
| 1,004 (2022 - 1,004) Ordinary shares shares of £1.00 each | 5 | 5 |
| | <u>5</u> | <u>5</u> |

13. 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 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.