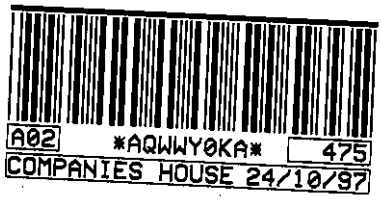
Registered No: 01022321
England and Wales

K J SHORTIS LIMITED

ANNUAL REPORT AND ACCOUNTS

1997



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Company Information

Directors

K J Shortis
V C Shortis
R J Shortis

Secretary

R A Garnett

Registered office

Salhouse Road
Norwich

Auditors

Sexty & Co
124 Thorpe Road
Norwich

Bankers

Lloyds Bank Plc
16 Gentleman's Walk
Norwich

Solicitors

Howes Percival
51 Colegate
Norwich

K J SHORTIS LIMITED

NOTICE OF MEETING

Notice is hereby given that the 1997 annual general meeting of K J Shortis Limited will be held at Salhouse Road Norwich on 29th September 1997 for the following purposes :-

(1) To consider the accounts for the year ended 31st January 1997 together with the reports of the directors and of the auditors.

(2) To declare that no final dividend be paid for the year ended 31st January 1997.

(3) To elect a director.

(4) To appoint auditors.

By order of the board

R.A. Garnett

Secretary

R.A. Garnett.

Salhouse Road
Norwich

Note

A member of the company entitled to attend is entitled to appoint a proxy who need not also be a member to attend and vote in his stead.

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited accounts of the company for the year ended 31st January 1997.

Results and dividends

The profit for the year attributable to members of the company was £221,458 (1996 £263,879).

The profit, after the dividend payment, has been transferred to reserves.

An interim dividend of 12½p per ordinary share was paid by the company.

The directors propose that no final dividend be paid for the current year.

Review of the business

The group's principal activities during the year were the supply and fitting of exhausts, spares and accessories. There have been no significant changes in these activities during the year.

The directors were pleased with the group's results for the year and with the financial position at the balance sheet date, the directors are hopeful that the ongoing development of the group will continue in the coming year.

On the 1st February 1997 a group company acquired 100% of the issued ordinary share capital of Carmaster Limited. (see note 27)

Market value of land and buildings

The group's land and buildings were revalued by the directors on the 31st January 1997. The directors are of the opinion that at 31st January 1997 group owned land and buildings had a total value of not less than £3.4 million.

Fixed assets

The changes in fixed assets during the year are summarised in the notes to the accounts.

Directors and their interests

The directors of the company who served during the year and their interests in the share capital of the company were as follows :-

		Ordinary shares of £1 each	
		1997	**1996**
K J Shortis	- beneficial interests	200,000	200,000
	- trustee interests	20,635	20,635
V C Shortis		5,500	5,500
R J Shortis		20,635	20,635

In accordance with the articles of association, Mr K J Shortis retires by rotation and, being eligible, offers himself for re-election.

Directors' responsibilities for the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Sexty & Co will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Approval

The report of the directors was approved by the board on 29th September 1997 and signed on its behalf by:



K. J. Shortis - Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF

K J SHORTIS LIMITED

We have audited the accounts on pages 6 to 23 which have been prepared under the historical cost convention, (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 11 and 12.

Respective responsibilities of directors and auditors

As described on pages 3 and 4, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the affairs of the company and group as at 31st January 1997 and of the profit and cash flow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

124 Thorpe Road
Norwich



SEXTY & CO.
CHARTERED CERTIFIED ACCOUNTANTS AND REGISTERED AUDITORS

29 September 1997
Date

K J SHORTIS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31st January 1997

	Notes	1997 £	1997 £	1996 £	1996 £
Turnover	2		12,432,683		11,935,047
Cost of sales			7,675,166		7,541,367
Gross profit			4,757,517		4,393,680
Administrative expenses		3,894,462		3,593,567	
Distribution costs		144,920		129,199	
Other operating income		(38,756)		(44,032)	
			4,000,626		3,678,734
Operating profit	5		756,891		714,946
Profit on disposal of fixed assets			36,354		63,604
Profit on ordinary activities before interest			793,245		778,550
Interest payable	6		(32,074)		(54,615)
Interest receivable			-		258
Profit on ordinary activities before taxation			761,171		724,193
Tax on profit on ordinary activities	7		241,923		205,816
Profit for the financial year			519,248		518,377
Dividends paid			(30,846)		(27,145)
Retained profit for the financial year	21		£488,402		£491,232
Profit for the financial year dealt with in :					
Parent company (before group dividends received)			221,458		75,428
Subsidiary companies			286,418		453,501
			£507,876		£528,929

All amounts relate to continuing activities.

K J SHORTIS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31st January 1997

	1997 £	1996 £
Profit for the financial year	519,248	518,377
Unrealised surplus on revaluation of properties	356,174	-
Total recognised gains and losses since the last annual report	£875,422	£518,377

NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31st January 1997

	1997 £	1996 £
Reported profit on ordinary activities before taxation	761,171	724,193
Realisation of property revaluation gains of previous years	-	19,296
Historical cost profit on ordinary activities before taxation	£761,171	£743,489
Historical cost profit for the year retained after taxation and dividends.	£519,248	£510,528

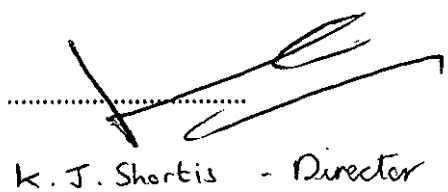
K J SHORTIS LIMITED

GROUP BALANCE SHEET

31st January 1997

	Notes	1997 £	1997 £	1996 £	1996 £
Fixed assets					
Intangible assets	8		10,124		22,761
Tangible assets	9		3,928,796		3,317,770
			3,938,920		3,340,531
Current assets					
Stocks	12	1,753,793		1,745,020	
Debtors	13	730,456		649,643	
Cash at bank and in hand		780,650		62,238	
		3,264,899		2,456,901	
Creditors : amounts falling due within one year	14	(2,871,900)		(2,179,697)	
Net current assets			392,999		277,204
Total assets less current liabilities			4,331,919		3,617,735
Creditors : amounts falling due after more than one year	15	(260,413)		(383,637)	
Provision for liabilities and charges:					
Deferred taxation	18	(1,810)		(778)	
Future costs contribution	19	(8,200)		(16,400)	
			(270,423)		(400,815)
Net assets			£4,061,496		£3,216,920
Capital and reserves					
Called up share capital	20		246,770		246,770
Revaluation reserve	21		537,125		180,951
Profit and loss account	21		3,277,601		2,789,199
Shareholders' funds	22		£4,061,496		£3,216,920

The accounts were approved by the board on 29th September 1997 and signed on its behalf by:



K. J. Shortis - Director

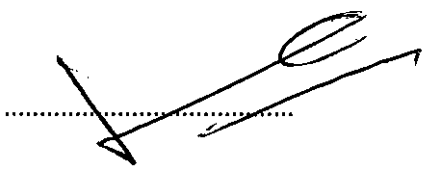
K J SHORTIS LIMITED

PARENT COMPANY BALANCE SHEET

31st January 1997

	Notes	1997 £	1997 £	1996 £	1996 £
Fixed assets					
Tangible assets	10		3,080,078		2,594,309
Investments in subsidiaries	11		256,559		280,559
Intangible assets - goodwill			1		1
			3,336,638		2,874,869
Current assets					
Debtors	13	270		188,451	
Cash at bank		6,358		57,468	
		6,628		245,919	
Creditors : amounts falling due within one year	14	(667,886)		(656,069)	
Net current liabilities			(661,258)		(610,150)
Total assets less current liabilities			2,675,380		2,264,719
Creditors : amounts falling due after more than one year	15		(200,000)		(256,000)
Net assets			£2,475,380		£2,008,719
Capital and reserves					
Called up share capital	20		246,770		246,770
Revaluation reserve	21		406,279		130,230
Profit and loss account	21		1,822,331		1,631,719
Shareholders' funds	22		£2,475,380		£2,008,719

The accounts were approved by the board on 29th September 1997 and signed on its behalf by:



K. J. Shortis - Director

K J SHORTIS LIMITED

GROUP CASH FLOW STATEMENT

For the year ended 31st January 1997

	Notes	1997 £	1997 £	1996 £	1996 £
Net cash inflow from operating activities	26a		1,132,683		403,200
Returns on investments and servicing of finance					
Interest received		-		258	
Interest paid		(36,527)		(56,300)	
Dividends paid		(30,846)		(27,145)	
Net cash outflow from returns on investments and servicing of finance			(67,373)		(83,187)
			1,065,310		320,013
Taxation					
Corporation tax paid			(210,270)		(258,870)
			855,040		61,143
Investing activities					
Purchase of intangible fixed assets		-		(100)	
Purchase of tangible fixed assets		(553,921)		(252,468)	
Sale of tangible fixed assets		131,824		231,651	
Net cash outflow from investing activities			(422,097)		(20,917)
Net cash inflow before financing			432,943		40,226
Financing					
Bank loans repaid		(61,040)		(61,040)	
Hire purchase movements		(33,314)		4,680	
Net cash outflow from financing	26b		(94,354)		(56,360)
Increase (decrease) in cash and cash equivalents	26c		£338,589		£(16,134)

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention as modified to include the revaluation of certain investment and freehold property.

As permitted by section 230(3) of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the accounts.

Basis of consolidation

The group accounts consolidate the accounts of the company and all subsidiaries for the financial period using acquisition accounting.

Goodwill

Goodwill arising on the acquisition of new subsidiaries is written off in equal instalments over a 10 year period.

Goodwill arising on the acquisition of existing subsidiaries is written off in equal instalments over a 10 year period.

Depreciation

Tangible assets, other than freehold property, are depreciated in order to write off the assets over their estimated useful lives using the straight line/reducing balance methods.

Short leasehold improvements	- 20%
Office equipment	- 20%
Plant and machinery	10% - 25%
Fixtures and fittings, tools and equipment	10% - 25%
Motor vehicles	- 25%

No depreciation has been provided in respect of freehold property, as in the opinion of the directors the value of buildings is minimal, the freehold value being vested in the site. The group companies have a policy of fully maintaining the freehold property to such a standard that their estimated residual value is not less than their cost or valuation. Premiums paid on short leases are written off on acquisition.

Investment properties

In accordance with SSAP 19 investment properties are revalued annually at open market value and the surplus or deficit is transferred to investment property revaluation reserve. As these properties are held for investment purposes, not consumption, depreciation is not considered to be relevant.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value using the first in/first out method.

Cost comprises the direct cost of purchases from major suppliers. Net realisable value is the estimated selling price reduced by all costs of marketing, selling and distribution.

1. **ACCOUNTING POLICIES** (continued)

Deferred taxation

Deferred taxation is provided on the liability method in respect of all timing differences, except for those which are not expected to reverse in the foreseeable future.

Leased assets and hire purchase contracts

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases) and hire purchase contracts, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Pensions

The group operates two defined contribution pension schemes. The assets of the schemes are invested and managed independently of the finances of the group.

The pension cost charge represents contributions payable in the year.

2. **TURNOVER**

The turnover and pre-tax profit are wholly attributable to the group's main activity. The turnover arises entirely in the U.K.

3. **STAFF COSTS**

	1997 £	1996 £
Wages and salaries	2,307,186	2,045,682
Social security costs	189,960	174,922
Other pension costs	137,946	211,137
	£2,635,092	£2,431,741

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

	No	No
Sales and administration	191	197

4. DIRECTORS

	1997 £	1996 £
Remuneration	91,914	93,143
Pension contributions	122,000	203,000
Benefits	18,489	17,725
	£232,403	£313,868

The emoluments of the chairman who was also the highest paid director, excluding pension contributions, were:	£64,578	£71,785

The emoluments of the other directors, excluding pension contributions were in the following range:

	No	No
£10,001 - £15,000	1	1
£25,001 - £30,000	-	1
£30,001 - £35,000	1	-

5. OPERATING PROFIT

This is stated after charging :	1997 £	1996 £
Directors' remuneration (including pension contributions)	232,403	313,868
Auditors' remuneration	8,500	12,500
Amortization of goodwill	12,637	10,552
Depreciation	203,600	166,875
Operating lease rentals - land and buildings	33,900	60,150
- plant and machinery	-	572

And after crediting:		
Rent received	£40,307	£44,032

6. INTEREST PAYABLE

	1997 £	1996 £
On hire purchase obligations	6,175	5,407
On bank loans, other loans and overdrafts wholly repayable within five years	-	13,248
On other loans not wholly repayable within five years	25,899	35,960
	£32,074	£54,615

7. TAXATION

	1997 £	1996 £
The tax charge on the profit on ordinary activities for the year was as follows:		
UK corporation tax at 25% - 33%	240,891	205,620
Deferred taxation	1,032	196
	£241,923	£205,816

The company is a close company within the terms of section 414 Taxes Act 1988.

8. INTANGIBLE FIXED ASSETS

	Purchased goodwill £	Goodwill arising on acquisition of subsidiaries £	Total £
Cost at 1st February 1996	1,101	252,768	253,869
Written off in year	-	(145,932)	(145,932)
Cost at 31st January 1997	1,101	106,836	107,937
Amortization at 1st February 1996	1,000	230,108	231,108
Charge for the year	10	12,627	12,637
Written off in year	-	(145,932)	(145,932)
Amortization at 31st January 1997	1,010	96,803	97,813
Net book value At 31st January 1997	£91	£10,033	£10,124
Net book value At 31st January 1996	£101	£22,660	£22,761

9. TANGIBLE FIXED ASSETS
GROUP

	Investment properties	Land and buildings freehold	Land and buildings short leasehold	Fixtures, fittings plant and machinery	Motor vehicles	Office equipment	Finance lease assets	Total
Cost at 1st February 1996	130,988	2,273,093	14,302	399,942	487,532	229,404	6,830	3,542,091
Valuation at 1st February 1996	138,000	333,561	-	-	-	-	-	471,561
Additions at cost	16,500	256,280	-	45,014	167,517	68,610	-	553,921
Disposals at cost	(63,097)	(16,500)	-	-	(85,080)	(1,075)	-	(165,752)
Revaluation	42,609	313,566	-	-	-	-	-	356,175
Cost at 31st January 1997	-	-	14,302	444,956	569,969	296,939	6,830	1,332,996
Valuation at 31st January 1997	265,000	3,160,000	-	-	-	-	-	3,425,000
Depreciation								
At 1st February 1996	-	-	7,278	254,791	257,661	169,322	6,830	695,882
Charge for year	-	-	2,340	34,959	138,102	28,199	-	203,600
Disposals	-	-	-	-	(69,852)	(430)	-	(70,282)
At 31st January 1997	-	-	9,618	289,750	325,911	197,091	6,830	829,200
Net book value								
At 31st January 1997	£265,000	£3,160,000	£4,684	£155,206	£244,058	£99,848	£ -	£3,928,796
Net book value								
At 31st January 1996	£268,988	£2,606,654	£7,024	£145,151	£229,871	£60,082	£ -	£3,317,770

Investment properties are revalued annually by the directors on an open market value basis. The cost of the properties included at a valuation amounts to £118,946.

Freehold and buildings were revalued at 31st January 1997 by the directors. The cost of this property amounts to £2,768,929.

Motor vehicles includes assets costing £161,037 (1996 £207,250) which are the subject of hire purchase agreements. These assets were depreciated by £40,251 (1996 £47,958) during the year.

10. TANGIBLE FIXED ASSETS

Parent company

	Investment properties £	Freehold land and buildings £	Fixtures, fittings plant and machinery £	Total £
Cost at 1st February 1996	130,988	2,061,718	13,040	2,205,746
Valuation at 1st February 1996	138,000	263,561	-	401,561
Additions at cost	16,500	256,280	93	272,873
Disposals	(63,097)	-	-	(63,097)
Revaluation	42,609	233,441	-	276,050
Cost at 31st January 1997	-	-	13,133	13,133
Valuation at 31st January 1997	265,000	2,815,000	-	3,080,000
Depreciation				
At 1st February 1996	-	-	12,998	12,998
Charge for year	-	-	57	57
At 31st January 1997	-	-	13,055	13,055
Net book value				
At 31st January 1997	£265,000	£2,815,000	£78	£3,080,078
Net book value at				
At 31st January 1996	£268,988	£2,325,279	£42	£2,594,309

Investment properties are revalued annually by the directors on an open market value basis. The cost of the properties included at a valuation amounts to £118,946.

Freehold land and buildings were valued at 31st January 1997 by the directors. The cost of this property amounts to £2,554,775.

11. FIXED ASSET INVESTMENTS

Parent company

Unlisted investments :

	Shares in group Companies
Cost 1st February 1996	280,559
Less amounts written off	(24,000)
Cost 31st January 1997	£256,559

Subsidiaries

Company	Group interest in ordinary shares	Nature of business
Fastfit Exhausts Limited	100%	Supply and fitting of exhausts and tyres
Wilco Motor Spares Limited	100%	Retailer of car spares and accessories
E U (Colchester) Limited	100%	Motor spares factors and distributors
Cyclemaster Limited (formerly E U (Basildon) Limited)	100%	Dormant
E U Limited	100%	Dormant

All subsidiary companies are incorporated and registered in England and Wales.

12. STOCKS

	1997 £	1996 £
The amounts attributable to the different categories are as follows:		
Finished goods and goods for resale	1,753,793	1,745,020
	£1,753,793	£1,745,020

13. DEBTORS

	Group		Parent company	
	1997 £	1996 £	1997 £	1996 £
Trade debtors	644,784	573,109	-	-
Prepayments	83,461	76,534	270	-
Group dividend receivable	-	-	-	188,451
Other debtors	2,211	-	-	-
	£730,456	£649,643	£270	£188,451

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Parent company	
	1997	1996	1997	1996
	£	£	£	£
Debt (note 16)	905,908	476,039	457,402	56,000
Trade creditors	1,270,266	1,100,207	-	-
Amounts owed to group companies	-	-	41,299	741,164
Corporation tax	229,455	198,834	103,287	5,357
Other taxes and social security costs	247,715	213,417	2,722	9,923
Other creditors	25,365	147	15,000	15,000
Accruals and deferred income (see below)	139,878	116,564	48,176	28,625
Proposed dividend	-	-	-	-
Lease and hire purchase contracts	53,313	74,489	-	-
	£2,871,900	£2,179,697	£667,886	£856,069

Accruals includes £8,200 contribution received towards future costs to be incurred within one year by Fastfit Exhausts Ltd (note 19).

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Parent company	
	1997	1996	1997	1996
	£	£	£	£
Debt (note 16)	247,580	358,666	200,000	256,000
Lease and hire purchase contracts	12,833	24,971	-	-
	£260,413	£383,637	£200,000	£256,000

16. DEBT ANALYSIS

	Group		Parent company	
	1997	1996	1997	1996
	£	£	£	£
Due within one year				
Bank overdraft (see below)	794,822	414,999	401,402	-
Bank loan (see below)	61,040	61,040	56,000	56,000
Other loan	50,046	-	-	-
	£905,908	£476,039	£457,402	£56,000
Due after more than one year				
Bank loan (see below)	247,580	308,620	200,000	256,000
Other loan	-	50,046	-	-
	£247,580	£358,666	£200,000	£256,000

16. **DEBT ANALYSIS - continued**

	Group		Parent company	
	1997	1996	1997	1996
	£	£	£	£
The above debt is repayable as follows:-				
Due within one year	905,908	476,039	457,402	56,000
Between one and two years	61,040	111,086	56,000	56,000
Between two and five years	145,620	183,120	130,500	168,000
After five years	40,920	64,460	13,500	32,000
	£1,153,488	£834,705	£657,402	£312,000

The bank loans and overdrafts are secured by a fixed charge over certain of the groups freehold property.

The parent company has guaranteed the bank loans and overdrafts of its subsidiaries.

The bank loans are repayable by equal instalments over twenty years at an interest rate linked to bank base rate.

17. **OBLIGATIONS UNDER HIRE PURCHASE AND LEASE CONTRACTS**

	Group		Parent company	
	1997	1996	1997	1996
	£	£	£	£
Repayable as follows:-				
Due within one year	53,313	74,489	-	-
Between one and two years	12,833	21,996	-	-
Between two and five years	-	2,975	-	-
	£66,146	£99,460	£ -	£ -
Shown as:-				
Current obligations	53,313	74,489	-	-
Non-current obligations	12,833	24,971	-	-
	£66,146	£99,460	£ -	£ -

The hire purchase and lease contract obligations noted above are secured on the assets concerned.

18. **DEFERRED TAXATION**

	1997	1996
	£	£
At 1st February 1996	778	582
Transfer from profit and loss account	1,032	196
At 31st January 1997	£1,810	£778

18. DEFERRED TAXATION - continued

The provision is calculated as follows :

	Provided 1997 £	Potential 1997 £	Provided 1996 £	Potential 1996 £
Accelerated capital allowances	1,810	1,810	778	778
Rolled-over gain	-	37,000	-	37,000
	£1,810	£38,810	£778	£37,778

No provision is made in respect of gains on revalued properties which are held for investment or trading purposes and are not intended to be sold in the foreseeable future.

19. FUTURE COSTS CONTRIBUTION

In January 1990 Fastfit Exhausts Ltd received £82,000 from Norfolk County Council as a contribution to additional revenue expenditure to be incurred over ten years due to the relocation of the Boundary Road, Norwich premises, comprising:-

	1997 £	1996 £
Monies received	82,000	82,000
Less : credited to profit & loss for current year	(8,200)	(8,200)
Prior years	(57,400)	(49,200)
	16,400	24,600
Included in current liabilities due within one year (note 14)	(8,200)	(8,200)
Relating to expenditure to be incurred in: two to five years	£8,200	£16,400

20. SHARE CAPITAL

	Authorised		Allotted issued and fully paid	
	1997 No.	1996 No.	1997 £	1996 £
Ordinary shares of £1 each	500,000	500,000	£246,770	£246,770

21. RESERVES

	Group		Parent company	
	Revaluation reserve	Profit & loss account	Revaluation reserve	Profit & loss account
At 1st February 1996	180,951	2,789,199	130,230	1,631,719
Retained profit	-	488,402	-	190,612
Surplus on property revaluations	356,174	-	276,049	-
At 31st January 1997	£537,125	£3,277,601	£406,279	£1,822,331

Revaluation reserve analysis

Freehold property	391,071	260,225	
Investment property	146,054	146,054	
	£537,125	£406,279	

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Group		Parent company	
	1997 £	1996 £	1997 £	1996 £
Profit for the financial year after taxation	519,248	518,377	221,458	263,879
Dividends	(30,846)	(27,145)	(30,846)	(27,145)
	488,402	491,232	190,612	236,734
Opening shareholders' funds	3,216,920	2,725,688	2,008,719	1,771,985
Other recognised gains and losses relating to the year	356,174	-	276,049	-
Closing shareholders' funds	£4,061,496	£3,216,920	£2,475,380	£2,008,719

23. CONTINGENT LIABILITY

The company has an unlimited guarantee to the group bankers for the borrowings of all group companies. At 31st January 1997 this amounted to £1,103,442 (1996 £784,659).

24. FINANCIAL COMMITMENTS

Operating lease commitments

The payments which the company is committed to make in the next year under operating leases are as follows:

	Group		Parent company	
	1997 £	1996 £	1997 £	1996 £
Land and buildings; leases expiring				
within one year	-	-	-	-
one to five years	-	26,250	-	-
after five years	33,900	33,900	-	-
	£33,900	£60,150	£ -	£ -

24. FINANCIAL COMMITMENTS continued

Capital commitments

	Group		Parent company	
	1997	1996	1997	1996
	£	£	£	£
Contracted for but not provided in the accounts	£770,000	£22,989	£ -	£ -

25. PENSION SCHEMES

The company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £137,946 for the year (1996 £211,137).

26a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit	756,891	714,946
Depreciation	203,600	166,875
Amortisation of goodwill	12,637	10,552
Future costs contribution	(8,200)	(8,200)
(Increase) in stocks	(8,773)	(227,546)
(Increase) in debtors	(80,813)	(102,166)
Increase (decrease) in creditors	257,341	(151,261)
Net cash inflow from operating activities	£1,132,683	£403,200

26b) ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bank loans £	Hire purchase obligations £
Balance at 1st February 1996	308,620	99,460
Cash (outflow) from financing	(61,040)	(33,314)
Balance at 31st January 1997	£247,580	£66,146

26c) ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET AND CHANGES DURING THE YEAR

	1997 £	1996 £	Cash inflow (outflow) - change in year £
Cash at bank and in hand	780,650	62,238	718,412
Bank overdrafts	(794,822)	(414,999)	(379,823)
	£(14,172)	£(352,761)	£338,589

27. POST BALANCE SHEET EVENT

On 1st February 1997 a group company purchased the entire issued ordinary share capital of Carmaster Limited for £770,000. The assets of the company included £300,000 cash at bank at that time.

28. RELATED PARTY TRANSACTIONS

Mr R J Shortis (director) and his brother Mr C J Shortis have jointly loaned a group company £50,046. This is the maximum outstanding balance during the year and is also the year end balance. The loan bears interest at 7% per annum and is repayable at the discretion of the directors.

Mr C J Shortis has also loaned the company a further £15,000, which is included in other creditors.

During the year the following transactions took place between the Group and the K J Shortis Limited SSAS. A pension scheme in which the directors are beneficiaries and trustees:-

Sale of land Cromer Road, Norwich	£85,000
Rent paid	£25,000