

REGISTERED NUMBER: 01022321 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2002
FOR
K J SHORTIS LIMITED**



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K J SHORTIS LIMITED

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for the year ended 31 January 2002**

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K J SHORTIS LIMITED
COMPANY INFORMATION
for the year ended 31 January 2002

DIRECTORS:	Mr K J Shortis Mrs V C Shortis Mr R J Shortis
SECRETARY:	Mr R A Garnett
REGISTERED OFFICE:	Salhouse Road Norwich Norfolk NR7 9AH
REGISTERED NUMBER:	01022321 (England and Wales)
AUDITORS:	Sexty & Co Chartered Certified Accountants 124 Thorpe Road Norwich Norfolk NR1 1RS
SOLICITORS:	Howes Percival 51 Colegate Norwich Norfolk NR3 1DD

K J SHORTIS LIMITED
REPORT OF THE DIRECTORS
for the year ended 31 January 2002

The directors present their report with the financial statements for the year ended 31 January 2002.

PRINCIPAL ACTIVITY

The principal activities of the group in the year under review were that of the supply and fitting of motor spares and accessories.

REVIEW OF BUSINESS

The results for the year and financial position of the group are as shown in the annexed financial statements.

2002 was a highly successful year with all subsidiary companies trading well and making positive contributions. The results of Linco plc acquired in October were somewhat disappointing. However many costs were involved in closing down peripheral activities. The profits of the Group at £1.4 million were up 40%. Trading for the current year has continued to be highly satisfactory and our strong financial position has enabled us to take advantage of opportunities that have arisen.

DIVIDENDS

An interim dividend of 11p per ordinary share was paid by the company. A final dividend of 12½p per ordinary share has been proposed by the Board.

MARKET VALUE OF LAND AND BUILDINGS

The group's land and buildings were revalued by the directors on the 31 January 1997. The directors are of the opinion that at 31 January 2002 group owned land and buildings had a total value of not less than £5.5 million.

FIXED ASSETS

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

EMPLOYEES

Provision of information

During the period the Group has continued its policy of managers holding regular briefing and dissemination meetings, to provide information and the opportunity for questions and discussions.

Equal opportunities

The companies in the Group are committed to providing equal opportunities to all employees irrespective of sex, marital status, creed, colour, race, ethnic origin or disability. The Group will continue to review and monitor this policy in order to ensure its application complies with relevant legislation and codes of practice.

DIRECTORS

The directors during the year under review were:

Mr K J Shortis
Mrs V C Shortis
Mr R J Shortis

The beneficial interests of the directors holding office on 31 January 2002 in the issued share capital of the company were as follows:

	2002	2001
Ordinary £1.00 shares		
Mr K J Shortis	200,000	200,000
Mrs V C Shortis	5,500	5,500
Mr R J Shortis	20,635	20,635

In accordance with the Articles of Association, Mrs V C Shortis will retire at the forthcoming Annual General Meeting, and being eligible, will stand for re-election.

K J SHORTIS LIMITED
REPORT OF THE DIRECTORS
for the year ended 31 January 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 financial statements 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 285 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



K.J Shortis - DIRECTOR
27 November 2002

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF

K J SHORTIS LIMITED

We have audited the financial statements of K J Shortis Limited for the year ended 31 January 2002 on pages five to twenty three. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it.

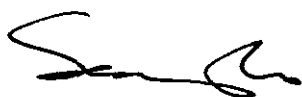
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company and group's affairs as at 31st January 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Sexty & Co
Chartered Certified Accountants
124 Thorpe Road
Norwich
Norfolk
NR1 1RS

Dated: 27 November 2002

K J SHORTIS LIMITED
GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 January 2002

	Notes	2002	2001
		£	£
TURNOVER	2	20,672,926	17,525,914
Continuing operations		19,634,272	17,525,914
Acquisitions		<u>1,038,654</u>	<u>-</u>
		<u>20,672,926</u>	<u>17,525,914</u>
Cost of sales	3	<u>11,482,093</u>	<u>10,320,105</u>
GROSS PROFIT	3	9,190,833	7,205,809
Net operating expenses	3	<u>7,814,222</u>	<u>6,554,343</u>
OPERATING PROFIT	5	1,376,611	651,466
Continuing operations		1,382,271	651,466
Acquisitions		<u>(5,660)</u>	<u>-</u>
		<u>1,376,611</u>	<u>651,466</u>
Profit on disposal of fixed assets		<u>24,748</u>	<u>333,819</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		1,401,359	985,285
Interest payable	6	(24,345)	(4,212)
Interest receivable		<u>46,938</u>	<u>36,413</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,423,952	1,017,486
Tax on profit on ordinary activities	7	<u>478,452</u>	<u>264,269</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		945,500	753,217
Minority shareholders' interest		<u>1,921</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		947,421	753,217
Dividends	25	<u>(10,991)</u>	<u>(10,290)</u>
Retained profit for the financial year	20	<u>£936,430</u>	<u>£742,927</u>
Profit for the financial year dealt within :			
Parent company		297,203	474,987
Subsidiary companies		<u>650,218</u>	<u>278,230</u>
		<u>£947,421</u>	<u>£753,217</u>

The notes form part of these financial statements

K J SHORTIS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 January 2002

	2002	2001
	£	£
Profit for the financial year	947,421	753,217
Realised surplus on revaluation of properties	-	26,677
Total recognised gains and losses since the last annual report	<u>£947,421</u>	<u>£779,894</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

for the year ended 31 January 2002

	2002	2001
	£	£
Reported profit on ordinary activities before taxation	1,423,952	1,017,486
Realisation of property revaluation gains of previous years	-	26,677
Historical cost profit on ordinary activities before taxation	<u>£1,423,952</u>	<u>£1,044,163</u>
Historical cost profit for the year retained after taxation, dividends and minority shareholders interest.	<u>£936,430</u>	<u>£769,604</u>

The notes form part of these financial statements

K J SHORTIS LIMITED
GROUP BALANCE SHEET

31 January 2002

	Notes	2002		2001	
		£	£	£	£
FIXED ASSETS					
Intangible assets	8		647,800		402,951
Tangible assets	9		<u>5,766,090</u>		<u>4,732,308</u>
			6,413,890		5,135,259
CURRENT ASSETS					
Stocks	12	3,464,714		2,824,327	
Debtors	13	1,579,578		989,778	
Cash at bank and in hand		<u>1,433,047</u>		<u>474,026</u>	
		6,477,339		4,288,131	
CREDITORS : amounts falling due within one year	14	<u>(4,756,235)</u>		<u>(2,688,097)</u>	
NET CURRENT ASSETS			<u>1,721,104</u>		<u>1,600,034</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,134,994		6,735,293
CREDITORS : amounts falling due after more than one year	15	(371,215)		-	
PROVISION FOR LIABILITIES AND CHARGES :					
Deferred taxation	18	-	<u>(371,215)</u>	-	-
			7,763,779		6,735,293
Minority shareholders equity interest			<u>(92,056)</u>		-
			<u>£7,671,723</u>		<u>£6,735,293</u>
CAPITAL AND RESERVES					
Called up share capital	19		246,770		246,770
Revaluation reserve	20		510,448		510,448
Profit and loss account	20		<u>6,914,505</u>		<u>5,978,075</u>
SHAREHOLDERS' FUNDS	21		<u>£7,671,723</u>		<u>£6,735,293</u>

ON BEHALF OF THE BOARD:

K J Shortis - DIRECTOR

27 November 2002

The notes form part of these financial statements

K J SHORTIS LIMITED
PARENT COMPANY BALANCE SHEET
31 January 2002

	Notes	£	2002	£	£	2001	£
FIXED ASSETS							
Tangible assets	10			4,140,928		3,811,475	
Investments in subsidiaries	11			256,559		256,559	
Intangible assets - goodwill				<u>1</u>		<u>1</u>	
				4,397,488		4,068,035	
CURRENT ASSETS							
Debtors	13	669,552			246,495		
Cash at bank		<u>615,112</u>			<u>892,245</u>		
		1,284,664			1,138,740		
CREDITORS: amounts falling due within one year	14		(1,934,643)		(1,745,478)		
NET CURRENT LIABILITIES				(649,979)		(606,738)	
NET ASSETS				<u>£3,747,509</u>		<u>£3,461,297</u>	
CAPITAL AND RESERVES							
Called up share capital	19			246,770		246,770	
Revaluation reserve	20			379,602		379,602	
Profit and loss account	20			<u>3,121,137</u>		<u>2,834,925</u>	
SHAREHOLDERS' FUNDS	21			<u>£3,747,509</u>		<u>£3,461,297</u>	

ON BEHALF OF THE BOARD:



K J Shortis - DIRECTOR

27 November 2002

The notes form part of these financial statements

K J SHORTIS LIMITED
GROUP CASH FLOW STATEMENT
for the year ended 31 January 2002

		2002		2001	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		1,391,663		1,089,082
Returns on investments and servicing of finance	2		22,593		32,201
Taxation			(242,658)		(275,836)
Capital expenditure	2		(593,785)		(550,023)
Purchase of subsidiary undertaking	2		(40,458)		-
Equity dividends paid			(10,290)		(9,822)
			527,065		285,602
Financing	2		(21,799)		(19,347)
Increase in cash in the year			<u>£505,266</u>		<u>£266,255</u>

Reconciliation of net cash flow to movement in net debt

	3		
Increase in cash in the year		505,266	266,255
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		(64,781)	9,347
Cash (inflow)/outflow from (decrease)/increase in liquid resources		<u>(1,511,175)</u>	<u>10,000</u>
Change in net debt resulting from cash flows		(1,070,690)	285,602
Loans and finance leases acquired with subsidiary		<u>453,755</u>	-
Movement in net debt in the year		(616,935)	285,602
Net cash at 1 February 2001		<u>452,227</u>	<u>166,625</u>
Net (debt)/cash at 31 January 2002		<u>£(164,708)</u>	<u>£452,227</u>

K J SHORTIS LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT

for the year ended 31 January 2002

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	1,376,611	651,466
Depreciation	362,079	339,453
Amortisation of goodwill	96,426	86,221
(Increase)/decrease in stocks	(94,839)	34,110
Increase in debtors	(32,007)	(105,775)
(Decrease)/increase in creditors	(316,607)	83,607
Net cash inflow from operating activities	<u>£1,391,663</u>	<u>£1,089,082</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	46,938	36,413
Interest paid	(24,345)	(4,212)
Net cash inflow for returns on investments and servicing of finance	<u>£22,593</u>	<u>£32,201</u>
Capital expenditure		
Purchase of tangible fixed assets	(624,220)	(1,019,150)
Sale of tangible fixed assets	30,435	588,732
Purchase of intangible fixed assets	-	(119,605)
Net cash (outflow) for capital expenditure	<u>£(593,785)</u>	<u>£(550,023)</u>
Purchase of subsidiary undertaking		
Purchase of subsidiary undertaking	(1,187,070)	-
Cash balances acquired with subsidiary	2,612	-
	(1,184,458)	-
Deferred payment	<u>1,144,000</u>	-
Net cash (outflow) from purchase of subsidiary undertaking	<u>£(40,458)</u>	<u>£-</u>
Financing		
Loan repayments in year	(10,046)	(10,000)
Hire purchase repayments	(11,753)	(9,347)
Net cash (outflow) from financing	<u>£(21,799)</u>	<u>£(19,347)</u>

K J SHORTIS LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT

for the year ended 31 January 2002

3. ANALYSIS OF CHANGES IN NET DEBT

	At 01.02.01 £	Cashflow £	At 31.01.02 £
Net cash:			
Cash at bank and in hand	474,026	959,021	1,433,047
	<u>474,026</u>	<u>959,021</u>	<u>1,433,047</u>
Debt:			
Due within one year	(21,799)	(1,204,741)	(1,226,540)
Debts after more than one year	<u>-</u>	<u>(371,215)</u>	<u>(371,215)</u>
	<u>(21,799)</u>	<u>(1,575,956)</u>	<u>(1,597,755)</u>
Total	<u>£452,227</u>	<u>£(616,935)</u>	<u>£(164,708)</u>

Analysed in Balance Sheet

Cash at bank and in hand	474,026	1,433,047
Loan notes	-	(1,144,000)
Hire purchase and finance leases		
- within one year	(11,753)	(65,140)
- after one year	-	(11,394)
Bank loans falling due		
- within one year	-	(17,400)
- after one year	-	(359,821)
Other loans falling due		
- within one year	<u>(10,046)</u>	<u>-</u>
	<u>£452,227</u>	<u>£(164,708)</u>

4. PURCHASE OF SUBSIDIARY UNDERTAKING

Net assets acquired

Tangible fixed assets	777,328
Stock	545,548
Debtors	557,793
Cash at bank and in hand	2,612
Loans and finance leases	(453,755)
Creditors	(491,675)
Minority shareholders interest	<u>(92,056)</u>
	845,795
Goodwill	<u>341,275</u>
Net payment	<u>£1,187,070</u>

K J SHORTIS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements 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 financial statements.

Basis of consolidation

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold land and buildings	buildings only at 2% straight line
Improvements to leasehold property	over the term of the lease
Office equipment	15-33% straight line basis
Plant and machinery	15% straight line basis
Fixtures and fittings	15% straight line basis
Motor vehicles	25% straight line basis

Premiums paid on short leases are written off on acquisition.

Investment properties

In accordance with the accounting standard in respect of the revaluation of properties, investment property has been retained at the book valuations as at 31 January 2000. 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 net realisable value using the average cost method. Cost comprises the average cost of all purchases.

Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS 19 'Deferred tax'. Provision is made at current rates for tax deferred in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are considered recoverable. The company has not adopted a policy of discounting deferred tax assets and liabilities. No prior year adjustment has arisen as a result of this change in policy as it is not considered material.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease terms, whichever is the shorter.

The interest element of those obligations is charged to the profit and loss account over the relevant period. The capital element of the future repayments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2002

1. ACCOUNTING POLICIES - continued

Pensions

The parent company operates a money purchase pension scheme for the directors. The assets of the scheme are invested and managed independently of the finances of the group. Contributions payable for the year are charged in the profit and loss account.

The group operates a money purchase pension scheme for other employees. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the group.

3. ANALYSIS OF OPERATIONS

	Continuing £	2002 Acquisitions £	Total £
Cost of sales	<u>10,778,578</u>	<u>703,515</u>	<u>11,482,093</u>
Gross Profit	<u>8,855,694</u>	<u>335,139</u>	<u>9,190,833</u>
Net operating expenses:			
Distribution costs	217,862	-	217,862
Administration expenses	<u>7,255,561</u>	<u>340,799</u>	<u>7,596,360</u>
	<u>7,473,423</u>	<u>340,799</u>	<u>7,814,222</u>

	Continuing £	2001 Acquisitions £	Total £
Cost of sales	<u>10,320,105</u>	<u>-</u>	<u>10,320,105</u>
Gross Profit	<u>7,205,809</u>	<u>-</u>	<u>7,205,809</u>
Net operating expenses:			
Distribution costs	214,095	-	214,095
Administration expenses	<u>6,340,248</u>	<u>-</u>	<u>6,340,248</u>
	<u>6,554,343</u>	<u>-</u>	<u>6,554,343</u>

The loss for Linco plc (the acquired subsidiary) for the period 1 May 2001 to 17 October 2001 (the date of acquisition) was £30,804 (year to 30 April 2001 profit £70,398).

4. STAFF COSTS

	2002 £	2001 £
Wages and salaries	4,446,442	3,819,254
Social security costs	356,769	314,891
Other pension costs	<u>104,119</u>	<u>102,018</u>
	<u>£4,907,330</u>	<u>£4,236,163</u>

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2002

4. STAFF COSTS - continued

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

	2002	2001
	No	No
Sales and administration	<u>353</u>	<u>320</u>

5. OPERATING PROFIT

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

	2002	2001
	£	£
Depreciation - owned assets	341,427	330,187
Depreciation - assets on hire purchase contracts	20,652	9,265
Goodwill written off	96,426	86,221
Auditors remuneration	17,952	13,000
Operating lease rentals - land and buildings	257,199	277,447
Rents received	<u>(64,849)</u>	<u>(52,376)</u>
Directors emoluments (including amounts paid by subsidiaries)	188,296	166,626
Directors pension contributions to money purchase schemes (including amounts contributed by subsidiaries)	<u>80,250</u>	<u>81,000</u>

The number of directors to whom retirement benefits were accruing was as follows:-

Money purchase schemes	<u>3</u>	<u>3</u>
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6. INTEREST PAYABLE

	2002	2001
	£	£
On hire purchase obligations	3,337	1,669
On bank loans, other loans and overdrafts	9,698	2,362
On loan notes	10,899	-
On overdue tax	<u>411</u>	<u>181</u>
	<u>£24,345</u>	<u>£4,212</u>

7. TAXATION

a) Analysis of charge in period

	2002	2001
	£	£
The tax charge on the profit on ordinary activities for the year was as follows:		
UK corporation tax	480,979	261,200
Deferred taxation	(625)	(2,500)
Corporation tax (over)/under provision in previous years	<u>(1,902)</u>	<u>5,569</u>
	<u>£478,452</u>	<u>£264,269</u>

UK corporation tax was charged at 30% in 2002 (2001 30%).

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2002

7. TAXATION - continued

b) Factors affecting the tax charge for the period.

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>1,423,952</u>	<u>1,017,486</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001 30%)	433,136	305,246
Effects of:		
Expenses not deductible for tax purposes	7,178	5,307
Depreciation in period in excess of capital allowances	49,287	41,269
Profit on property disposal	-	(81,853)
Capital gain in property disposal	-	2,901
Group relief	(6,470)	-
Marginal relief	(2,450)	(14,046)
Provision rounding	298	2,376
Current tax charge for the period	<u>£480,979</u>	<u>£261,200</u>

8. INTANGIBLE FIXED ASSETS GROUP

	Purchased goodwill £	Goodwill arising on acquisition of subsidiaries £	Total £
COST			
At 1 February 2001	222,351	507,473	729,824
Addition	-	341,275	341,275
At 31 January 2002	<u>222,351</u>	<u>848,748</u>	<u>1,071,099</u>
AMORTISATION			
At 1 February 2001	66,725	260,148	326,873
Charge for the year	<u>22,235</u>	<u>74,191</u>	<u>96,426</u>
At 31 January 2002	<u>88,960</u>	<u>334,339</u>	<u>423,299</u>
NET BOOK VALUE			
At 31 January 2002	<u>£133,391</u>	<u>£514,409</u>	<u>£647,800</u>
At 31 January 2001	<u>£155,626</u>	<u>£247,325</u>	<u>£402,951</u>

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2002

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 OR VALUATION								
At 1 February 2001	230,000	3,969,614	28,254	531,885	785,164	508,317	6,830	6,060,064
Additions	-	893,565	-	97,227	370,577	40,179	-	1,401,548
Disposals	-	-	-	-	(127,099)	-	-	(127,099)
At 31 January 2002	230,000	4,863,179	28,254	629,112	1,028,642	548,496	6,830	7,334,513
DEPRECIATION								
At 1 February 2001	-	52,924	20,956	394,683	496,906	355,457	6,830	1,327,756
Charge for year	-	33,902	1,197	43,244	193,348	90,388	-	362,079
Disposals	-	-	-	-	(121,412)	-	-	(121,412)
At 31 January 2002	-	86,826	22,153	437,927	568,842	445,845	6,830	1,568,423
NET BOOK VALUE								
At 31 January 2002	£230,000	£4,776,353	£6,101	£191,185	£459,800	£102,651	£-	£5,766,090
At 31 January 2001	£230,000	£3,916,690	£7,298	£137,202	£288,258	£152,860	£-	£4,732,308

Cost or valuation at 31 January 2002 is represented by:

	Investment properties £	Land and buildings freehold £	Land and buildings short leasehold £	Fixtures, fittings plant and machinery £	Motor vehicles £	Office equipment £	Finance lease assets £	Total £
Valuation in 1996	91,768	77,505	-	-	-	-	-	169,273
Valuation in 1997	27,609	313,566	-	-	-	-	-	341,175
Cost	110,623	4,472,108	28,254	629,112	1,028,642	548,496	6,830	6,824,065
At 31 January 2002	£230,000	£4,863,179	£28,254	£629,112	£1,028,642	£548,496	£6,830	£7,334,513

The freehold land and buildings and investment properties were revalued by the directors on the 31 January 1996 and 1997. The cost of these properties amounts to £4,582,731 (2001 - £3,689,166).

K J SHORTIS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2002

9. TANGIBLE FIXED ASSETS GROUP - continued

Fixed assets, included in the above, which are held under finance leases and hire purchase contracts are as follows:-

	Office equipment £	Motor vehicles £	Total £
COST			
At 1 February 2001	20,805	7,474	28,279
Additions	-	144,390	144,390
Transferred to ownership	<u>(20,805)</u>	<u>(7,474)</u>	<u>(28,279)</u>
At 31 January 2002	<u>-</u>	<u>144,390</u>	<u>144,390</u>
DEPRECIATION:			
At 1 February 2001	13,768	5,775	19,543
Charge for year	-	20,652	20,652
Transferred to ownership	<u>(13,768)</u>	<u>(5,775)</u>	<u>(19,543)</u>
At 31 January 2002	<u>-</u>	<u>20,652</u>	<u>20,652</u>
NET BOOK VALUE:			
At 31 January 2002	<u>£-</u>	<u>£123,738</u>	<u>£123,738</u>
At 31 January 2001	<u>£7,037</u>	<u>£1,699</u>	<u>£8,736</u>

10. TANGIBLE FIXED ASSETS PARENT COMPANY

	Office equipment £	Investment properties £	Freehold land and buildings £	Fixtures, fittings plant and machinery £	Motor vehicles £	Total £
COST OR VALUATION						
At 1 February 2001	2,190	230,000	3,640,543	2,215	-	3,874,948
Additions	-	-	355,728	3,180	1,000	359,908
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 January 2002	<u>2,190</u>	<u>230,000</u>	<u>3,996,271</u>	<u>5,395</u>	<u>1,000</u>	<u>4,234,856</u>
DEPRECIATION						
At 1 February 2001	796	-	61,653	1,024	-	63,473
Charge for year	438	-	28,958	809	250	30,455
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 January 2002	<u>1,234</u>	<u>-</u>	<u>90,611</u>	<u>1,833</u>	<u>250</u>	<u>93,928</u>
NET BOOK VALUE						
At 31 January 2002	<u>£956</u>	<u>£230,000</u>	<u>£3,905,660</u>	<u>£3,562</u>	<u>£750</u>	<u>£4,140,928</u>
At 31 January 2001	<u>£1,394</u>	<u>£230,000</u>	<u>£3,578,890</u>	<u>£1,191</u>	<u>£-</u>	<u>£3,811,475</u>

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2002

10. TANGIBLE FIXED ASSETS PARENT COMPANY - continued

Cost or valuation at 31 January 2002 is represented by:

	Office equipment £	Investment properties £	Freehold land and buildings £	Fixtures, fittings plant and machinery £	Motor vehicles £	Total £
Valuation in 1996	-	91,768	26,784	-	-	118,552
Valuation in 1997	-	27,609	233,441	-	-	261,050
Cost	<u>2,190</u>	<u>110,623</u>	<u>3,736,046</u>	<u>5,395</u>	<u>1,000</u>	<u>3,855,254</u>
	<u>£2,190</u>	<u>£230,000</u>	<u>£3,996,271</u>	<u>£5,395</u>	<u>£1,000</u>	<u>£4,234,856</u>

The freehold land and buildings and investment properties were valued by the directors on the 31 January 1996 and 1997. The cost of these properties amounts to £3,846,669.

11. FIXED ASSET INVESTMENTS PARENT COMPANY

Unlisted investments :

	Shares in group Companies
Cost	
1 February 2001 and 31 January 2002	<u>£256,559</u>

Acquisition of subsidiary

On 17 October 2001, E.U. Limited, a wholly owned subsidiary of the parent company, acquired 90% of the ordinary share capital of Linco plc a motor factor company, for the sum of £1,187,070. From that date, the results of Linco plc are reflected in the group financial statements under the acquisition method of accounting and are shown in Note 3 above.

Subsidiaries

Company	Group interest in ordinary shares	Nature of business
Fastfit Exhausts Limited	100%	Supply and fitting of motor vehicle exhausts and tyres
Wilco Motor Spares Limited	100%	Retailer of car spares and accessories
E U Limited	100%	Wholesaler of motor vehicle components
J Smart & Co (Retail) Limited (subsidiary of Wilco Motor Spares Limited)	100%	Dormant
Cyclemaster Limited	100%	Dormant
Carmaster Limited (subsidiary of Wilco Motor Spares Limited)	100%	Dormant
Linco plc (subsidiary of E U Limited)	90%	Wholesaler of motor vehicle components

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

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2002

12 STOCKS

	Group		Parent company	
	2002	2001	2002	2001
	£	£	£	£
Finished goods	<u>3,464,714</u>	<u>2,824,327</u>	<u>-</u>	<u>-</u>

13. DEBTORS

	Group		Parent company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	1,434,388	886,786	-	-
Prepayments	135,237	99,811	5,163	1,987
Amounts owed by group companies	-	-	664,389	244,508
Other debtors	<u>9,953</u>	<u>3,181</u>	<u>-</u>	<u>-</u>
	<u>£1,579,578</u>	<u>£989,778</u>	<u>£669,552</u>	<u>£246,495</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Parent company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts (see note 16)	17,400	-	-	-
Trade creditors	2,180,240	1,777,627	-	-
Amounts owed to group companies	-	-	1,687,714	1,542,935
Corporation tax	496,994	261,200	130,429	104,000
Other taxes and social security costs	469,423	372,043	2,569	8,645
Other creditors	76,268	47,314	15,000	15,000
Accruals and deferred income	300,924	202,969	93,085	69,753
Other loans	-	10,046	-	-
Hire purchase contracts (see note 17)	65,140	11,753	-	-
Proposed dividend	5,846	5,145	5,846	5,145
Loan notes (see Note 26)	<u>1,144,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>£4,756,235</u>	<u>£2,688,097</u>	<u>£1,934,643</u>	<u>£1,745,478</u>

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

	Group		Parent company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans (see note 16)	359,821	-	-	-
Hire purchase contracts (see note 17)	<u>11,394</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>£371,215</u>	<u>£-</u>	<u>£-</u>	<u>£-</u>

K J SHORTIS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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16. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	Group		Parent company	
	2002	2001	2002	2001
	£	£	£	£
Within one year and on demand	17,400	-	-	-
Between one and two years	18,000	-	-	-
Between two and five years	54,100	-	-	-
After more than five years	287,721	-	-	-
	<u>£377,221</u>	<u>£-</u>	<u>£-</u>	<u>£-</u>

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

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

The bank loans were inherited with the acquisition of Linco plc and have all been repaid since the balance sheet date (see Note 27).

17. OBLIGATIONS UNDER HIRE PURCHASE AND LEASE CONTRACTS

Obligations under finance leases and hire purchase contracts are analysed as follows:

	Group		Parent company	
	2002	2001	2002	2001
	£	£	£	£
Within one year	65,140	11,753	-	-
Within two and five years	11,394	-	-	-
	<u>£76,534</u>	<u>£11,753</u>	<u>£-</u>	<u>£-</u>

Obligations under finance leases and hire purchase contracts are secured on the assets concerned.

The hire purchase contracts were inherited with the acquisition of Linco plc.

K J SHORTIS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2002

17. OBLIGATIONS UNDER HIRE PURCHASE AND LEASE CONTRACTS - continued

The following payments are committed to be paid within one year under operating lease contracts.

	Land and building leases			
	Group		Parent company	
	2002	2001	2002	2001
	£	£	£	£
Expiring:				
Within one year	-	35,077	-	-
Between two and five years	115,723	67,690	-	-
In more than five years	88,500	118,500	-	-
	<u>£204,223</u>	<u>£221,267</u>	<u>£-</u>	<u>£-</u>

18. DEFERRED TAXATION

	Group	
	2002	2001
	£	£
At 1 February 2001	-	2,500
Arising on acquisition	625	-
Transferred to profit and loss account	(625)	(2,500)
	<u>£-</u>	<u>£-</u>
At 31 January 2002	<u>£-</u>	<u>£-</u>

19. SHARE CAPITAL

	Authorised		Allotted issued and fully paid	
	2002	2001	2002	2001
	No.	No.	£	£
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>£246,770</u>	<u>£246,770</u>

20. RESERVES

	Group		Parent company	
	Revaluation reserve	Profit & loss account	Revaluation reserve	Profit & loss account
	£	£	£	£
At 1 February 2001	510,448	5,978,075	379,602	2,834,925
Retained profit	-	936,430	-	286,212
At 31 January 2002	<u>£510,448</u>	<u>£6,914,505</u>	<u>£379,602</u>	<u>£3,121,137</u>

Revaluation reserve analysis

	£	£
Freehold property	391,071	260,225
Investment property	119,377	119,377
	<u>£510,448</u>	<u>£379,602</u>

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2002

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Group		Parent company	
	2002	2001	2002	2001
	£	£	£	£
Profit for the financial year	947,421	779,894	297,203	501,664
Dividends	(10,991)	(10,290)	(10,991)	(10,290)
	936,430	769,604	286,212	491,374
Opening shareholders' funds	6,735,293	5,992,366	3,461,297	2,996,600
Revaluation reserve released on disposal	-	(26,677)	-	(26,677)
Closing shareholders' funds	<u>£7,671,723</u>	<u>£6,735,293</u>	<u>£3,747,509</u>	<u>£3,461,297</u>

22. CONTINGENT LIABILITY

There is a contingent liability to Capital Gains Tax which represents the liability which would arise if the revalued Freehold and Investment property was sold for its net book value as included in these financial statements. In the absence of 1982 valuations it is not possible to accurately quantify this amount, if any.

23. PENSION SCHEMES

The parent company operates a money purchase pension scheme for the directors. The group operates a money purchase pension scheme for other employees.

The pension cost charge amounted to £104,119 for the year (2001 £102,018).

24. RELATED PARTY TRANSACTIONS

Mr R J Shortis (director) and Mr C J Shortis son of Mr K J Shortis (director) jointly loaned a group company £50,046. The balance at the end of the year was £Nil (2001 £10,046). The loan bore interest at 7% per annum. Mr C J Shortis has also loaned the company a further £15,000, which is included in other creditors. The loan bears interest at 8% per annum. The interest charged to the profit and loss account is £1,200 (2001 £1,200).

Property owned by the K J Shortis Limited SSAS a pension scheme of which the directors are trustees and/or beneficiaries was utilised by group companies. Annual rent payable is £45,000.

25. DIVIDENDS

	2002		2001	
	£	£	£	£
Interim dividend paid of 11p (2001 11p) per share	27,145		27,145	
Less dividend waived	(22,000)		(22,000)	
		5,145		5,145
Proposed final dividend of 12½p (2001 - 11p) per share	30,846		27,145	
Less dividend waived	(25,000)		(22,000)	
		5,846		5,145
		<u>£10,991</u>		<u>£10,290</u>

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2002

26. LOAN NOTES

E.U. Limited a subsidiary company has issued loan notes for the sum of £1,144,000 (payable after 31 May 2002 and before 31 October 2003). The loan notes are guaranteed by Lloyds TSB Bank plc and bear interest at the rate of 3.25% per annum. Funds to the value of £1,144,000 have been deposited with Lloyds TSB Bank plc in respect of its potential liability under the guarantee. These loan notes were to finance the acquisition of Linco plc.

27. POST BALANCE SHEET EVENTS

All bank loans outstanding at the period end were repaid in full on 21 March 2002.

The 10% minority interest holding in Linco plc (a subsidiary of E U Limited) was acquired by the group on 10 June 2002.

Loan notes to the total value of £1,144,000, representing the full amount of the outstanding liability were redeemed on 1 July 2002.