

REGISTERED NUMBER: 01022321(England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2003
FOR
K J SHORTIS LIMITED**



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K J SHORTIS LIMITED

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for the year ended 31 January 2003**

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K J SHORTIS LIMITED
COMPANY INFORMATION
for the year ended 31 January 2003

DIRECTORS: K J Shortis
Mrs V C Shortis
R J Shortis

SECRETARY: 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 2003

The directors present their report with the financial statements of the company and the group for the year ended 31 January 2003.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

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

2003 was another highly successful year. The profits for the group at £2.1 million were up a further 50% on top of the 40% increase last year. It was a year of consolidation and all group companies traded well and made real contributions to group profitability - particularly pleasing was the performance of Linco Plc acquired in October 2001.

During the year the group, in line with Company policy, purchased a further two trading sites and also purchased the minority interest in Linco Plc, not already owned.

The group is in the strong position of having no borrowings or mortgages.

The current year is far less buoyant and with the increase in costs, particularly employment, profitability is unlikely to reach 2003 levels, although we anticipate another good year.

DIVIDENDS

An interim dividend of 12.5p per share was paid on 1 October 2002. Mr K J Shortis waived his right to this dividend. A final dividend of 20p per ordinary share has been proposed by the board.

DIRECTORS

The directors during the year under review were:

K J Shortis
Mrs V C Shortis
R J Shortis

The beneficial interests of the directors holding office on 31 January 2003 in the issued share capital of the company were as follows:

	31.1.03	1.2.02
Ordinary £1 shares		
K J Shortis	200,000	200,000
Mrs V C Shortis	5,500	5,500
R J Shortis	20,635	20,635

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

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.

K J SHORTIS LIMITED

REPORT OF THE DIRECTORS for the year ended 31 January 2003

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 as at 31 January 2003 group owned land and buildings had a total value of not less than £5.5 million.

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 the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

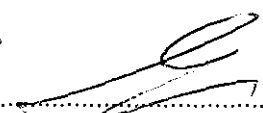
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 company and 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.

ON BEHALF OF THE BOARD:


.....
K J Shortis - Director

Date: 21 August 2003

K J SHORTIS LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
K J SHORTIS LIMITED**

We have audited the financial statements of K J Shortis Limited for the year ended 31 January 2003 on pages five to twenty four. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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.

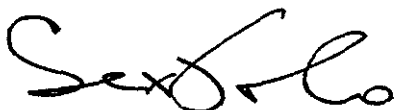
Basis of audit opinion

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 company'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 affairs of the company and the group as at 31 January 2003 and of the profit of the group 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

Date: 21 August 2003

K J SHORTIS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 January 2003

		2003		2002	
	Notes	£	£	£	£
TURNOVER			24,101,980		20,672,926
Continuing operations		24,101,980		19,634,272	
Acquisitions		-		1,038,654	
		<u>24,101,980</u>		<u>20,672,926</u>	
 Cost of sales	2		<u>13,512,408</u>		<u>11,482,093</u>
GROSS PROFIT	2		10,589,572		9,190,833
Net operating expenses	2		<u>8,483,284</u>		<u>7,789,474</u>
OPERATING PROFIT	4		2,106,288		1,401,359
Continuing operations		2,106,288		1,407,019	
Acquisitions		-		(5,660)	
		<u>2,106,288</u>		<u>1,401,359</u>	
 Interest receivable and similar income			<u>53,609</u>		<u>46,938</u>
			2,159,897		1,448,297
Interest payable and similar charges	5		<u>30,046</u>		<u>24,345</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			2,129,851		1,423,952
Tax on profit on ordinary activities	6		<u>690,170</u>		<u>478,452</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			1,439,681		945,500
 Minority shareholders' interests			<u>(8,706)</u>		<u>1,921</u>
PROFIT FOR THE FINANCIAL YEAR			1,430,975		947,421
Dividends	8		<u>15,201</u>		<u>10,991</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP			<u>£1,415,774</u>		<u>£936,430</u>

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current and previous years.

K J SHORTIS LIMITED
CONSOLIDATED BALANCE SHEET
31 January 2003

		2003		2002	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	9		569,229		647,800
Tangible assets	10		<u>5,665,839</u>		<u>5,766,090</u>
			6,235,068		6,413,890
CURRENT ASSETS					
Stocks	12	3,611,795		3,464,714	
Debtors	13	1,498,253		1,579,578	
Cash at bank and in hand		<u>995,357</u>		<u>1,433,047</u>	
		6,105,405		6,477,339	
CREDITORS					
Amounts falling due within one year	14	<u>3,252,516</u>		<u>4,756,235</u>	
NET CURRENT ASSETS			<u>2,852,889</u>		<u>1,721,104</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,087,957		8,134,994
CREDITORS					
Amounts falling due after more than one year	15		460		371,215
MINORITY INTERESTS	18		-		<u>92,056</u>
			<u>£9,087,497</u>		<u>£7,671,723</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>8,330,279</u>		<u>6,914,505</u>
SHAREHOLDERS' FUNDS	24		<u>£9,087,497</u>		<u>£7,671,723</u>

ON BEHALF OF THE BOARD:

.....
K J Shortis - Director

Approved by the Board on 21 August 2003.....

The notes form part of these financial statements

K J SHORTIS LIMITED
COMPANY BALANCE SHEET
31 January 2003

		<u>2003</u>		<u>2002</u>	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	9		1		1
Tangible assets	10		4,189,428		4,140,928
Investments	11		<u>256,559</u>		<u>256,559</u>
			4,445,988		4,397,488
CURRENT ASSETS					
Debtors	13	799,741		669,552	
Cash at bank		<u>1,690,027</u>		<u>615,112</u>	
		2,489,768		1,284,664	
CREDITORS					
Amounts falling due within one year	14	<u>2,879,664</u>		<u>1,934,643</u>	
NET CURRENT LIABILITIES			<u>(389,896)</u>		<u>(649,979)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£4,056,092</u>		<u>£3,747,509</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>3,429,720</u>		<u>3,121,137</u>
SHAREHOLDERS' FUNDS	24		<u>£4,056,092</u>		<u>£3,747,509</u>

ON BEHALF OF THE BOARD:

.....
K J Shortis - Director

Approved by the Board on 21 August 2003

K J SHORTIS LIMITED
CASH FLOW STATEMENT
for the year ended 31 January 2003

		2003		2002	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		2,109,616		1,391,663
Returns on investments and servicing of finance	2		23,563		22,593
Taxation			(655,439)		(242,658)
Capital expenditure	2		(294,728)		(593,785)
Acquisitions and disposals	2		(1,163,838)		(40,458)
Equity dividends paid			<u>(11,693)</u>		<u>(10,290)</u>
			7,481		527,065
Financing	2		<u>(445,171)</u>		<u>431,956</u>
(Decrease)/Increase in cash in the period			<u>£(437,690)</u>		<u>£959,021</u>
Reconciliation of net cash flow to movement in net debt	3				
(Decrease)/Increase in cash in the period			(437,690)		959,021
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing			<u>1,589,171</u>		<u>(1,575,956)</u>
Change in net debt resulting from cash flows			<u>1,151,481</u>		<u>(616,935)</u>
Movement in net debt in the period			1,151,481		(616,935)
Net (debt)/funds at 1 February 2002			<u>(164,708)</u>		<u>452,227</u>
Net funds/(debt) at 31 January 2003			<u>£986,773</u>		<u>£(164,708)</u>

The notes form part of these financial statements

K J SHORTIS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 January 2003**

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

	2003 £	2002 £
Operating profit	2,106,288	1,401,359
Depreciation charges	493,387	433,757
Increase in stocks	(147,081)	(94,839)
Decrease/(Increase) in debtors	81,326	(32,007)
Decrease in creditors	<u>(424,304)</u>	<u>(316,607)</u>
Net cash inflow from operating activities	<u>2,109,616</u>	<u>1,391,663</u>

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

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	53,609	46,938
Interest paid	(22,628)	(21,008)
Interest element of hire purchase payments	<u>(7,418)</u>	<u>(3,337)</u>
Net cash inflow for returns on investments and servicing of finance	<u>23,563</u>	<u>22,593</u>
Capital expenditure		
Purchase of tangible fixed assets	(418,894)	(624,220)
Sale of tangible fixed assets	<u>124,166</u>	<u>30,435</u>
Net cash outflow for capital expenditure	<u>(294,728)</u>	<u>(593,785)</u>
Acquisitions and disposals		
Purchase of subsidiary undertaking	(19,838)	(1,187,070)
Deferred payment	(1,144,000)	1,144,000
Cash balances acquired with subsidiary	<u>-</u>	<u>2,612</u>
Net cash outflow for acquisitions and disposals	<u>(1,163,838)</u>	<u>(40,458)</u>
Financing		
New loans and finance leases	-	359,821
Hire purchase movements	(67,950)	64,781
Loan repayments	(377,221)	17,400
Capital repayments in year	<u>-</u>	<u>(10,046)</u>
Net cash (outflow)/inflow from financing	<u>(445,171)</u>	<u>431,956</u>

K J SHORTIS LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 January 2003

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.2.02 £	Cash flow £	At 31.1.03 £
Net cash:			
Cash at bank and in hand	<u>1,433,047</u>	<u>(437,690)</u>	<u>995,357</u>
	<u>1,433,047</u>	<u>(437,690)</u>	<u>995,357</u>
Debt:			
Hire purchase	(76,534)	67,950	(8,584)
Debts falling due within one year	(1,161,400)	1,161,400	-
Debts falling due after one year	<u>(359,821)</u>	<u>359,821</u>	<u>-</u>
	<u>(1,597,755)</u>	<u>1,589,171</u>	<u>(8,584)</u>
Total	<u>(164,708)</u>	<u>1,151,481</u>	<u>986,773</u>

4. PURCHASE OF SUBSIDIARY UNDERTAKING

Net assets acquired	2003	2002
	£	£
Tangible fixed assets	-	777,328
Stock	-	545,548
Debtors	-	557,793
Cash at bank and in hand	-	2,612
Loans and finance leases	-	(453,775)
Creditors	-	(491,675)
	-	<u>(92,056)</u>
	-	845,795
Goodwill	<u>19,838</u>	<u>341,275</u>
Net Payment	<u>£19,838</u>	<u>£1,187,070</u>

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2003

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 203 (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 property	Buildings only at 2% straight line
Improvements to leasehold property	Over the term of the lease
Office equipment	15-33% straight line basis
Fixtures, fittings, plant and machinery	15% straight line basis
Motor vehicles	25% straight line basis

Premiums paid on short term leases are written off on acquisition.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises the average cost of all purchases in stock.

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 relevant.

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.

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

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

Pensions

The parent company operates a money purchase scheme for 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.

K J SHORTIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2003**

1. ACCOUNTING POLICIES - continued

Deferred tax

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 assets and liabilities.

2. ANALYSIS OF OPERATIONS

	Continuing £	2003 Acquisitions £	Total £
Cost of sales	<u>13,512,408</u>	<u>-</u>	<u>13,512,408</u>
Gross profit	<u>10,589,572</u>	<u>-</u>	<u>10,589,572</u>
Net operating expenses:			
Administrative expenses	<u>8,483,284</u>	<u>-</u>	<u>8,483,284</u>

	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:			
Administrative expenses	7,473,423	340,799	7,814,222
Other operating income	<u>(24,748)</u>	<u>-</u>	<u>(24,748)</u>
	<u>7,448,675</u>	<u>340,799</u>	<u>7,789,474</u>

3. STAFF COSTS

	2003 £	2002 £
Wages and salaries	5,181,399	4,446,442
Social security costs	417,757	356,769
Other pension costs	<u>32,241</u>	<u>104,119</u>
	<u>5,631,397</u>	<u>4,907,330</u>

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

	2003	2002
Sales and administration	<u>389</u>	<u>388</u>

K J SHORTIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2003**

4. OPERATING PROFIT

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

	2003 £	2002 £
Depreciation - owned assets	381,263	341,427
Depreciation - assets on hire purchase contracts	13,715	20,652
Profit on disposal of fixed assets	(24,652)	(29,077)
Goodwill written off	98,409	96,426
Auditors remuneration	<u>22,980</u>	<u>17,952</u>
 Directors' emoluments (including amounts paid by subsidiaries)	 205,453	 188,296
Directors' pension contributions to money purchase schemes (including contributions by subsidiaries)	<u>-</u>	<u>80,250</u>

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

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank interest	7,247	9,698
Interest on overdue tax	-	411
Loan notes	15,381	10,899
Hire purchase	<u>7,418</u>	<u>3,337</u>
	<u>30,046</u>	<u>24,345</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2003 £	2002 £
Current tax:		
UK corporation tax	676,000	481,897
Adjustment re previous year	<u>14,170</u>	<u>(1,818)</u>
Total current tax	690,170	480,079
Deferred taxation	<u>-</u>	<u>(1,627)</u>
Tax on profit on ordinary activities	<u>690,170</u>	<u>478,452</u>

UK corporation tax has been charged at 30% (2002 - 30%).

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2003

6. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>2,129,851</u>	<u>1,423,952</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	638,955	427,186
Effects of:		
Expenses not deductible for tax purposes	-	7,178
Depreciation in the period in excess of capital allowances	58,140	49,287
Group relief	-	(6,470)
Marginal relief	(2,075)	(2,450)
Provision rounding	361	7,166
Profit on sale of fixed assets	(7,396)	-
Adjustment re previous years	14,470	(1,818)
Allowable expenditure	<u>(12,285)</u>	<u>-</u>
Current tax charge	<u>690,170</u>	<u>480,079</u>

7. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £323,784 (2002 - £297,203).

8. DIVIDENDS

	2003 £	2002 £
Equity shares:		
Interim	5,847	5,145
Final	<u>9,354</u>	<u>5,846</u>
	<u>15,201</u>	<u>10,991</u>

K J SHORTIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2003**

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST:	
At 1 February 2002	1,071,099
Additions	<u>19,838</u>
At 31 January 2003	<u>1,090,937</u>
AMORTISATION:	
At 1 February 2002	423,299
Charge for year	<u>98,409</u>
At 31 January 2003	<u>521,708</u>
NET BOOK VALUE:	
At 31 January 2003	<u><u>569,229</u></u>
At 31 January 2002	<u><u>647,800</u></u>

Company

	Goodwill £
COST:	
At 1 February 2002 and 31 January 2003	<u>1</u>
NET BOOK VALUE:	
At 31 January 2003	<u><u>1</u></u>
At 31 January 2002	<u><u>1</u></u>

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2003

10. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Short leasehold £	Long leasehold £	Investment properties £
COST OR VALUATION:				
At 1 February 2002	4,963,179	28,254	-	130,000
Additions	91,718	-	67,100	-
Disposals	(81,541)	-	-	-
At 31 January 2003	<u>4,973,356</u>	<u>28,254</u>	<u>67,100</u>	<u>130,000</u>
DEPRECIATION:				
At 1 February 2002	86,826	22,153	-	-
Charge for year	40,292	1,197	671	-
Eliminated on disposal	(2,446)	-	-	-
At 31 January 2003	<u>124,672</u>	<u>23,350</u>	<u>671</u>	<u>-</u>
NET BOOK VALUE:				
At 31 January 2003	<u>4,848,684</u>	<u>4,904</u>	<u>66,429</u>	<u>130,000</u>
At 31 January 2002	<u>4,876,353</u>	<u>6,101</u>	<u>-</u>	<u>130,000</u>

	Fixtures, fittings, plant and machinery £	Motor vehicles £	Office equipment £	Totals £
COST OR VALUATION:				
At 1 February 2002	635,942	1,028,642	548,496	7,334,513
Additions	17,129	218,264	24,683	418,894
Disposals	-	(214,575)	-	(296,116)
At 31 January 2003	<u>653,071</u>	<u>1,032,331</u>	<u>573,179</u>	<u>7,457,291</u>
DEPRECIATION:				
At 1 February 2002	444,758	568,842	445,845	1,568,424
Charge for year	93,307	245,421	14,090	394,978
Eliminated on disposal	-	(169,504)	-	(171,950)
At 31 January 2003	<u>538,065</u>	<u>644,759</u>	<u>459,935</u>	<u>1,791,452</u>
NET BOOK VALUE:				
At 31 January 2003	<u>115,006</u>	<u>387,572</u>	<u>113,244</u>	<u>5,665,839</u>
At 31 January 2002	<u>191,184</u>	<u>459,800</u>	<u>102,651</u>	<u>5,766,089</u>

K J SHORTIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2003**

10. TANGIBLE FIXED ASSETS - continued

Group

Cost or valuation at 31 January 2003 is represented by:

	Freehold property £	Short leasehold £	Long leasehold £	Investment properties £
Valuation in 1996	89,504	-	-	79,769
Valuation in 1997	317,176	-	-	23,999
Cost	<u>4,566,676</u>	<u>28,254</u>	<u>67,100</u>	<u>26,232</u>
	<u>4,973,356</u>	<u>28,254</u>	<u>67,100</u>	<u>130,000</u>

	Fixtures, fittings, plant and machinery £	Motor vehicles £	Office equipment £	Totals £
Valuation in 1996	-	-	-	169,273
Valuation in 1997	-	-	-	341,175
Cost	<u>653,071</u>	<u>1,032,331</u>	<u>573,179</u>	<u>6,946,843</u>
	<u>653,071</u>	<u>1,032,331</u>	<u>573,179</u>	<u>7,457,291</u>

The freehold land and buildings and investment properties were revalued by the directors on 31 January 1996 and 1997. The cost of these properties amounted to £4,592,908 (2002 - £4,582,731).

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

	Motor vehicles £
COST OR VALUATION:	
At 1 February 2002	144,390
Disposals	(13,333)
Transfer to ownership	<u>(87,148)</u>
At 31 January 2003	<u>43,909</u>
DEPRECIATION:	
At 1 February 2002	20,652
Charge for year	13,715
Eliminated on disposal	(4,536)
Transfer to ownership	<u>(7,344)</u>
At 31 January 2003	<u>22,487</u>
NET BOOK VALUE:	
At 31 January 2003	<u>21,422</u>
At 31 January 2002	<u>123,738</u>

K J SHORTIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2003**

10. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Investment properties £	Long leasehold £
COST OR VALUATION:			
At 1 February 2002	4,096,271	130,000	-
Additions	91,718	-	67,100
Disposals	(81,541)	-	-
At 31 January 2003	<u>4,106,448</u>	<u>130,000</u>	<u>67,100</u>
DEPRECIATION:			
At 1 February 2002	90,611	-	-
Charge for year	29,060	-	671
Eliminated on disposal	(2,446)	-	-
At 31 January 2003	<u>117,225</u>	<u>-</u>	<u>671</u>
NET BOOK VALUE:			
At 31 January 2003	<u>3,989,223</u>	<u>130,000</u>	<u>66,429</u>
At 31 January 2002	<u>4,005,660</u>	<u>130,000</u>	<u>-</u>

	Office equipment £	Fixtures, fittings, plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION:				
At 1 February 2002	2,190	5,395	1,000	4,234,856
Additions	-	-	-	158,818
Disposals	-	-	-	(81,541)
At 31 January 2003	<u>2,190</u>	<u>5,395</u>	<u>1,000</u>	<u>4,312,133</u>
DEPRECIATION:				
At 1 February 2002	1,234	1,833	250	93,928
Charge for year	438	804	250	31,223
Eliminated on disposal	-	-	-	(2,446)
At 31 January 2003	<u>1,672</u>	<u>2,637</u>	<u>500</u>	<u>122,705</u>
NET BOOK VALUE:				
At 31 January 2003	<u>518</u>	<u>2,758</u>	<u>500</u>	<u>4,189,428</u>
At 31 January 2002	<u>956</u>	<u>3,562</u>	<u>750</u>	<u>4,140,928</u>

K J SHORTIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2003**

10. TANGIBLE FIXED ASSETS - continued

Company

Cost or valuation at 31 January 2003 is represented by:

	Freehold property £	Investment properties £	Long leasehold £
Valuation in 1996	26,784	79,769	-
Valuation in 1997	249,050	23,999	-
Cost	<u>3,830,614</u>	<u>26,232</u>	<u>67,100</u>
	<u>4,106,448</u>	<u>130,000</u>	<u>67,100</u>

	Office equipment £	Fixtures, fittings, plant and machinery £	Motor vehicles £	Totals £
Valuation in 1996	-	-	-	106,553
Valuation in 1997	-	-	-	273,049
Cost	<u>2,190</u>	<u>5,395</u>	<u>1,000</u>	<u>3,932,531</u>
	<u>2,190</u>	<u>5,395</u>	<u>1,000</u>	<u>4,312,133</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 £3,856,846 (2002 - £3,846,669).

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST:	
At 1 February 2002 and 31 January 2003	<u>256,559</u>
NET BOOK VALUE:	
At 31 January 2003	<u>256,559</u>
At 31 January 2002	<u>256,559</u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Fastfit Exhausts Limited

Country of incorporation: England

Nature of business: Supply and fitting of motor vehicle exhausts and tyres

	% holding
Class of shares:	
Ordinary	100.00

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2003

11. FIXED ASSET INVESTMENTS - continued

Wilco Motor Spares Limited

Country of incorporation: England

Nature of business: Retailer of car spares and accessories

	%
Class of shares:	holding
Ordinary	100.00

Cyclemaster Limited

Country of incorporation: England

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

E U Limited

Country of incorporation: England

Nature of business: Wholesaler of motor vehicle components

	%
Class of shares:	holding
Ordinary	100.00

J Smart & Co(etail) Limited (Subsidiary of Wilco Motor Spares Limited)

Country of incorporation: England

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Carmaster Limited (Subsidiary of Wilco Motor Spares Limited)

Country of incorporation: England

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Linco plc (subsidiary of E U Limited)

Country of incorporation: England

Nature of business: Wholesaler of motor vehicle components

	%
Class of shares:	holding
Ordinary	100.00

12. STOCKS

	Group	
	2003	2002
	£	£
Finished goods	<u>3,611,795</u>	<u>3,464,714</u>

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2003

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	1,362,600	1,434,388	-	-
Other debtors	14,394	9,953	-	-
Amounts owed by group companies	-	-	790,882	664,389
Prepayments	<u>121,259</u>	<u>135,237</u>	<u>8,859</u>	<u>5,163</u>
	<u><u>1,498,253</u></u>	<u><u>1,579,578</u></u>	<u><u>799,741</u></u>	<u><u>669,552</u></u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts (see note 16)	-	17,400	-	-
Hire purchase contracts (see note 17)	8,124	65,140	-	-
Trade creditors	1,860,993	2,180,240	-	-
Social security and other taxes	518,634	469,423	18,956	2,569
Proposed dividends	9,354	5,846	9,354	5,846
Other creditors	44,535	76,268	-	15,000
Loan notes	-	1,144,000	-	-
Corporation tax	531,725	496,994	80,900	130,429
Amounts owed to group companies	-	-	2,676,623	1,687,714
Accrued expenses	<u>279,151</u>	<u>300,924</u>	<u>93,831</u>	<u>93,085</u>
	<u><u>3,252,516</u></u>	<u><u>4,756,235</u></u>	<u><u>2,879,664</u></u>	<u><u>1,934,643</u></u>

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

	Group	
	2003	2002
	£	£
Bank loans (see note 16)	-	359,821
Hire purchase contracts (see note 17)	<u>460</u>	<u>11,394</u>
	<u><u>460</u></u>	<u><u>371,215</u></u>

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2003

16. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2003 £	2002 £
Amounts falling due within one year or on demand:		
Bank loans	<u>-</u>	<u>17,400</u>
Amounts falling due between one and two years:		
Bank loans	<u>-</u>	<u>18,000</u>
Amounts falling due between two and five years:		
Bank loans	<u>-</u>	<u>54,100</u>
Amounts falling due in more than five years:		
Bank loans	<u>-</u>	<u>287,721</u>

The bank loans which were inherited with the acquisition of Linco Plc, were fully repaid on 21 March 2002. These were secured by the deeds of the freehold properties of the company, together with a debenture over the company's assets and charges against the life policies on the lives of former directors of the company.

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

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2003 £	2002 £
Net obligations repayable:		
Within one year	8,124	65,140
Between one and five years	<u>460</u>	<u>11,394</u>
	<u>8,584</u>	<u>76,534</u>

The following payments are committed to be paid within one year:

	Land and buildings operating leases	
	2003 £	2002 £
Expiring:		
Within one year	19,500	-
Between one and five years	77,573	115,723
In more than five years	<u>120,500</u>	<u>88,500</u>
	<u>217,573</u>	<u>204,223</u>

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2003

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

Company

	Land and buildings operating leases	
	2003	2002
	£	£
Expiring:		
In more than five years	<u>23,000</u>	<u>23,000</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.

18. MINORITY INTERESTS

On 10 June 2002 the group acquired the 10% minority interest in Linco plc.

19. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	2003	2002
		value:	£	£
500,000	Ordinary	£1	<u>500,000</u>	<u>500,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal	2003	2002
		value:	£	£
246,770	Ordinary	£1	<u>246,770</u>	<u>246,770</u>

20. RESERVES

Group

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 February 2002	6,914,505	510,448	7,424,953
Retained profit for the year	<u>1,415,774</u>	-	<u>1,415,774</u>
At 31 January 2003	<u>8,330,279</u>	<u>510,448</u>	<u>8,840,727</u>

Company

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 February 2002	3,121,137	379,602	3,500,739
Retained profit for the year	<u>308,583</u>	-	<u>308,583</u>
At 31 January 2003	<u>3,429,720</u>	<u>379,602</u>	<u>3,809,322</u>

K J SHORTIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2003

21. 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 £32,241 (2002 £108,697).

22. CONTINGENT LIABILITIES

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. RELATED PARTY DISCLOSURES

Mr C J Shortis son of Mr K J Shortis (director) loaned a group company £15,000. The balance at the end of the year was £Nil (2002 £15,000). The loan bore interest at 8% per annum. The interest charged to the profit and loss account is £500 (202 £1,200).

Property owned by 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.

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2003 £	2002 £
Profit for the financial year	1,430,975	947,421
Dividends	<u>(15,201)</u>	<u>(10,991)</u>
Net addition to shareholders' funds	1,415,774	936,430
Opening shareholders' funds	<u>7,671,723</u>	<u>6,735,293</u>
Closing shareholders' funds	<u>9,087,497</u>	<u>7,671,723</u>
 Equity interests	 <u>9,087,497</u>	 <u>7,671,723</u>

Company

	2003 £	2002 £
Profit for the financial year	323,784	297,203
Dividends	<u>(15,201)</u>	<u>(10,991)</u>
Net addition to shareholders' funds	308,583	286,212
Opening shareholders' funds	<u>3,747,509</u>	<u>3,461,297</u>
Closing shareholders' funds	<u>4,056,092</u>	<u>3,747,509</u>
 Equity interests	 <u>4,056,092</u>	 <u>3,747,509</u>