

**T.J.MORRIS LIMITED**  
**FINANCIAL STATEMENTS**  
**30TH JUNE 1999**

**Company Registration Number 01505036**

**MOORE STEPHENS**  
Chartered Accountants & Registered Auditors  
Barratt House  
47/49 North John Street  
Liverpool  
L2 6TG



**T.J.MORRIS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30TH JUNE 1999**

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# **T.J.MORRIS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

**The Director**

T.J. Morris

**Company Secretary**

J .T. McMonnies

**Registered Office**

Fallows Way  
Whiston Enterprise Park  
Prescot  
L35 1RZ

**Auditors**

Moore Stephens  
Chartered Accountants  
& Registered Auditors  
Barratt House  
47/49 North John Street  
Liverpool  
L2 6TG

# **T.J.MORRIS LIMITED**

## **THE DIRECTOR'S REPORT**

### **YEAR ENDED 30TH JUNE 1999**

The director has pleasure in presenting his report and the financial statements of the company for the year ended 30th June 1999.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was wholesale distribution and retailing of toiletries, cosmetics and other household products.

The director considers the state of the company's affairs to be satisfactory.

### **RESULTS AND DIVIDENDS**

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The director has not recommended a dividend.

### **THE DIRECTOR AND HIS INTERESTS IN SHARES OF THE COMPANY**

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

	<b>Ordinary Shares of £1 each</b>	
	<b>At 30 June 1999</b>	<b>At 1 July 1998</b>
T.J. Morris	<u>19,000</u>	<u>19,000</u>

### **YEAR 2000**

The director is continuing to review the risks associated with the Year 2000 problem, both with regard to internal use of computer systems and embedded chips and in connection with relationships with third parties. He is satisfied that these steps will be completed in sufficient time to eliminate any potential problems. The total costs of ensuring Year 2000 compliance have not yet been quantified, but are not expected to be significant.

### **EMPLOYEE INVOLVEMENT**

The company has maintained its commitment to employee involvement and sound employee relations. Meetings are held with management and staff to keep them informed of the latest developments and key objectives.

### **DISABLED EMPLOYEES**

The company has continued its policy of employing disabled persons wherever practicable having regard to their particular aptitudes and abilities. When the situation arises, the company endeavours to retrain any member of staff who develops a disability during employment with the company.

**T.J.MORRIS LIMITED****THE DIRECTOR'S REPORT** *(continued)***YEAR ENDED 30TH JUNE 1999****DIRECTOR'S RESPONSIBILITIES**

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to:

select suitable accounting policies, as described on page 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DONATIONS**

During the year the company made the following contributions:

	1999	1998
	£	£
Charitable	<u>4,829</u>	<u>5,760</u>

**AUDITORS**

A resolution to re-appoint Moore Stephens as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
Fallows Way  
Whiston Enterprise Park  
Prescot  
L35 1RZ

Signed by order of the director



J.T. McMONNIES  
Company Secretary

Approved by the director on 23<sup>rd</sup> December 1999

## **T.J.MORRIS LIMITED**

### **AUDITORS' REPORT TO THE SHAREHOLDERS**

#### **YEAR ENDED 30TH JUNE 1999**

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

#### **RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITORS**

As described on pages 2 to 3, the company's director is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **BASIS OF OPINION**

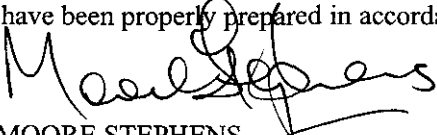
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 company's state of affairs as at 30th June 1999 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Barratt House  
47/49 North John Street  
Liverpool  
L2 6TG

  
MOORE STEPHENS  
Chartered Accountants  
& Registered Auditors

23<sup>rd</sup> December 1999

**T.J.MORRIS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30TH JUNE 1999**

	Note	1999 £	1998 £
<b>TURNOVER</b>	<b>2</b>	69,521,385	57,790,662
Cost of sales		53,642,608	45,052,382
<b>GROSS PROFIT</b>		15,878,777	12,738,280
Administrative expenses		9,968,698	7,811,166
Other operating income	<b>3</b>	(24,987)	(7,658)
<b>OPERATING PROFIT</b>	<b>4</b>	5,935,066	4,934,772
(Loss)/Profit on disposal of fixed assets	<b>7</b>	(81,993)	57
		5,853,073	4,934,829
Interest receivable	<b>8</b>	159,495	98,397
Interest payable	<b>9</b>	(126)	(98)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6,012,442	5,033,128
Tax on profit on ordinary activities	<b>10</b>	2,021,477	1,639,553
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		3,990,965	3,393,575
Balance brought forward		12,011,290	8,617,715
Balance carried forward		16,002,255	12,011,290

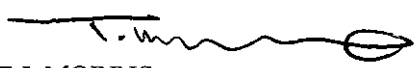
The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

**T.J.MORRIS LIMITED****BALANCE SHEET****30TH JUNE 1999**

	Note	1999		1998	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		9,077,786		7,592,419
Investments	12		2,500		2,500
			<u>9,080,286</u>		<u>7,594,919</u>
<b>CURRENT ASSETS</b>					
Stocks	13	7,832,827		7,650,040	
Debtors	14	6,732,701		3,367,914	
Investments	15	2,000,000		1,000,000	
Cash at bank and in hand		14,442		12,985	
		<u>16,579,970</u>		<u>12,030,939</u>	
<b>CREDITORS: Amounts falling due within one year</b>	16	(9,390,101)		(7,395,276)	
<b>NET CURRENT ASSETS</b>			<u>7,189,869</u>		<u>4,635,663</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>16,270,155</u>		<u>12,230,582</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17		(17,950)		-
			<u>16,252,205</u>		<u>12,230,582</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	19		(227,811)		(196,776)
<b>GOVERNMENT GRANTS</b>	20		(2,139)		(2,516)
			<u>16,022,255</u>		<u>12,031,290</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	24		20,000		20,000
Profit and loss account	25		16,002,255		12,011,290
<b>SHAREHOLDERS' FUNDS</b>	26		<u>16,022,255</u>		<u>12,031,290</u>

These financial statements were approved and signed by the director on 23<sup>rd</sup> December 1999.



T.J. MORRIS  
Director



**T.J.MORRIS LIMITED****CASH FLOW STATEMENT****YEAR ENDED 30TH JUNE 1999**

	Note	1999 £	1998 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>27</b>	<b>4,300,945</b>	<b>2,982,422</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		159,495	98,397
Interest paid		(126)	(98)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>159,369</b>	<b>98,299</b>
<b>TAXATION</b>		<b>(1,640,442)</b>	<b>(949,958)</b>
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible fixed assets		(2,502,706)	(1,732,410)
Receipts from sale of fixed assets		365,500	1,900
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		<b>(2,137,206)</b>	<b>(1,730,510)</b>
<b>CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		<b>682,666</b>	<b>400,253</b>
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Purchase of other liquid investments		(1,000,000)	(500,000)
<b>NET CASH OUTFLOW FROM MANAGEMENT OF LIQUID RESOURCES</b>		<b>(1,000,000)</b>	<b>(500,000)</b>
<b>FINANCING</b>			
Capital element of finance lease rental payments		35,900	-
<b>NET CASH INFLOW FROM FINANCING</b>		<b>35,900</b>	<b>-</b>
<b>DECREASE IN CASH</b>	<b>28</b>	<b>(281,434)</b>	<b>(99,747)</b>

The notes on pages 8 to 18 form part of these financial statements.

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 1999****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

**Turnover**

The turnover shown in the profit and loss account represents cash sales and amounts invoiced during the year, exclusive of Value Added Tax.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Properties	- 2% On Cost
Short Leasehold Property	- over 8 yrs from last major refurbishment
Plant and Machinery	- 15% Reducing Balance Method
Fixtures and Fittings	- 15% Reducing Balance Method
Motor Vehicles	- 25% Reducing Balance Method

Leasehold Properties Premium is depreciated over the period of the lease.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

**Deferred taxation**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

**Government grants**

Grants of a revenue nature are credited to income in the period to which they relate.

Capital grants are credited to a deferred income account and amortised to the profit and loss account over the expected useful lives of the assets involved.

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 1999****2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	<b>1999</b> £	1998 £
United Kingdom	<u>69,521,385</u>	<u>57,790,662</u>

**3. OTHER OPERATING INCOME**

	<b>1999</b> £	1998 £
Rent receivable	<u>24,987</u>	<u>7,658</u>

**4. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	<b>1999</b> £	1998 £
Amortisation of government grants re fixed assets	(377)	(444)
Depreciation	821,029	672,437
Auditors' remuneration		
- as auditors	15,000	14,000
Operating lease costs:		
Land and buildings	1,607,765	1,276,006
Vehicles	<u>152,066</u>	<u>141,046</u>

**5. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	<b>1999</b> No.	1998 No.
Number of administrative and warehouse staff	60	57
Number of retail staff	<u>692</u>	<u>459</u>
	<u>752</u>	<u>516</u>

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 1999****5. PARTICULARS OF EMPLOYEES** *(continued)*

The aggregate payroll costs of the above were:

	1999 £	1998 £
Wages and salaries	5,041,187	3,890,698
Social security costs	344,639	263,664
Other pension costs	23,078	19,172
	<u>5,408,904</u>	<u>4,173,534</u>

**6. DIRECTOR'S EMOLUMENTS**

The director's aggregate emoluments in respect of qualifying services were:

	1999 £	1998 £
Emoluments receivable	<u>449,952</u>	<u>308,475</u>

Emoluments of highest paid director:

	1999 £	1998 £
Total emoluments (excluding pension contributions):	<u>449,952</u>	<u>308,475</u>

**7. PROFIT/(LOSS) ON DISPOSAL OF FIXED ASSETS**

	1999 £	1998 £
Loss/(Profit) on disposal of fixed assets	<u>81,993</u>	<u>(57)</u>

**8. INTEREST RECEIVABLE**

	1999 £	1998 £
Bank interest receivable	156,793	98,397
Other interest received	2,702	-
	<u>159,495</u>	<u>98,397</u>

**9. INTEREST PAYABLE**

	1999 £	1998 £
Other similar charges payable	<u>126</u>	<u>98</u>

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 1999****10. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1999 £	1998 £
In respect of the year:		
Corporation tax based on the results for the year at 30% (1998 - 31%)	2,000,000	1,650,000
Increase/(Decrease) in deferred tax provision (Note 19):		
Capital allowances	31,035	(405)
	<u>2,031,035</u>	<u>1,649,595</u>
Adjustment in respect of previous years:		
Corporation tax	(9,558)	(10,042)
	<u>2,021,477</u>	<u>1,639,553</u>

**11. TANGIBLE FIXED ASSETS**

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>COST</b>						
At 1 Jul 1998	4,947,882	1,536,400	1,257,254	2,414,198	331,425	10,487,159
Additions	1,089,834	661,245	309,582	615,915	77,313	2,753,889
Disposals	(360,000)	(70,473)	(104,954)	-	(9,500)	(544,927)
At 30 Jun 1999	<u>5,677,716</u>	<u>2,127,172</u>	<u>1,461,882</u>	<u>3,030,113</u>	<u>399,238</u>	<u>12,696,121</u>
<b>DEPRECIATION</b>						
At 1 Jul 1998	278,344	812,404	419,547	1,274,489	109,956	2,894,740
Charge for the year	87,305	228,794	167,897	263,343	73,690	821,029
On disposals	-	(66,668)	(25,274)	-	(5,492)	(97,434)
At 30 Jun 1999	<u>365,649</u>	<u>974,530</u>	<u>562,170</u>	<u>1,537,832</u>	<u>178,154</u>	<u>3,618,335</u>
<b>NET BOOK VALUE</b>						
At 30 Jun 1999	<u>5,312,067</u>	<u>1,152,642</u>	<u>899,712</u>	<u>1,492,281</u>	<u>221,084</u>	<u>9,077,786</u>
At 30 Jun 1998	<u>4,669,538</u>	<u>723,996</u>	<u>837,707</u>	<u>1,139,709</u>	<u>221,469</u>	<u>7,592,419</u>

**Hire purchase agreements**

Included within the net book value of £9,077,786 is £40,387 (1998 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £13,462 (1998 - £Nil).

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 1999****11. TANGIBLE FIXED ASSETS** *(continued)*

Capital commitments

	1999 £	1998 £
Contracted but not provided for in the accounts	1,143,552	746,902

**12. INVESTMENTS**

Unlisted investments

	Total £
COST	
At 1st July 1998 and 30th June 1999	2,500
NET BOOK VALUE	
At 30th June 1999	2,500
At 30th June 1998	2,500

**13. STOCKS**

	1999 £	1998 £
Finished goods	7,832,827	7,650,040

**14. DEBTORS**

	1999 £	1998 £
Trade debtors	760,243	528,528
Other debtors	4,769,489	1,960,913
Prepayments and accrued income	1,202,969	878,473
	6,732,701	3,367,914

**15. INVESTMENTS**

	1999 £	1998 £
Bank short term deposits	2,000,000	1,000,000

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 1999****16. CREDITORS: Amounts falling due within one year**

	1999		1998
	£	£	£
Bank loans and overdrafts		473,679	190,788
Trade creditors		4,592,304	4,050,397
Other creditors including taxation and social security:			
Corporation tax	2,000,000		1,650,000
PAYE and social security	360,951		217,413
VAT	429,827		234,170
Hire purchase agreements	17,950		-
Other creditors	226,358		310,618
		<u>3,035,086</u>	<u>2,412,201</u>
Accruals and deferred income		1,289,032	741,890
		<u>9,390,101</u>	<u>7,395,276</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	1999	1998
	£	£
Bank loans and overdrafts	473,679	190,788
Hire purchase agreements	17,950	-
	<u>491,629</u>	<u>190,788</u>

The above creditors were secured by a first legal mortgage over two of the company's freehold properties and a floating charge over all moveable plant and equipment. The hire purchase liabilities are secured on the assets concerned.

**17. CREDITORS: Amounts falling due after more than one year**

	1999	1998
	£	£
Other creditors:		
Hire purchase agreements	<u>17,950</u>	<u>-</u>

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 1999****17. CREDITORS:** Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	1999 £	1998 £
Hire purchase agreements	<u>17,950</u>	<u>-</u>

The hire purchase liabilities are secured on the assets concerned.

**18. PENSIONS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions payable by the company to the fund and amounted to £23,078 (1998 £19,172). Accrued contributions amounted to £2,979 (1998 £3,664).

**19. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was:

	1999 £	1998 £
Provision brought forward	196,776	197,181
Increase/(Decrease) in provision	31,035	(405)
Provision carried forward	<u>227,811</u>	<u>196,776</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	1999 £	1998 £
Excess of taxation allowances over depreciation on fixed assets	<u>227,811</u>	<u>196,776</u>



**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 1999****20. GOVERNMENT GRANTS**

	1999 £	1998 £
Received :		
At 1st July 1998	7,847	7,847
At 30th June 1999	<u>7,847</u>	<u>7,847</u>
Amortisation:		
At 1st July 1998	5,331	4,887
Credit to profit and loss account	377	444
At 30th June 1999	<u>5,708</u>	<u>5,331</u>
Net balance at 30th June 1999	<u>2,139</u>	<u>2,516</u>

**21. COMMITMENTS UNDER OPERATING LEASES**

At 30th June 1999 the company had annual commitments under non-cancellable operating leases as set out below.

	1999		1998	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	23,250	2,647	51,188	26,639
Within 2 to 5 years	238,150	79,668	124,650	56,100
After more than 5 years	1,421,750	-	1,108,933	23,568
	<u>1,683,150</u>	<u>82,315</u>	<u>1,284,771</u>	<u>106,307</u>

**22. CONTINGENCIES**

T J Morris Limited acts as guarantor to T J Morris Properties Limited in respect of its banking facilities. As at 30th June 1999, the indebtedness to the bankers amounted to £109,228. T J Morris Limited acts as guarantor to a lease held by third parties for an annual rental of £63,500 subject to five yearly reviews.

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 1999****23. RELATED PARTY TRANSACTIONS**

The related party transactions which subsisted during the accounting period were as follows:

- i) T J Morris (Company Director)  
Company paid rent of £36,000 in respect of retail premises occupied by the company. Included within other creditors at the balance sheet date is £58,815 due to T J Morris.
- ii) A Morris (Brother of T J Morris)  
During the accounting year the company charged loan interest to the above amounting to £5,375. Included within other debtors at the balance sheet date is £40,625 due from A Morris.
- iii) E Morris (Brother of T J Morris)  
During the accounting year the company sold a motor vehicle to the above, amounting to £3,500. Included within other debtors at the balance sheet date is £3,777 due from E Morris
- iv) M Sweeting (Sister of T J Morris)  
During the accounting year the company bought from the above, goods and services amounting to £37,420 and sold goods to the value of £49. At the balance sheet date an amount of £454 is due to M Sweeting.
- v) Morris Textiles Limited is a company controlled by L & B White (Daughter and Son in Law of T J Morris)  
  
During the accounting year the company bought from and sold to Morris Textiles Limited goods and services amounting to £41,628 and £102,013 respectively. At the balance sheet date included in the accounts is £304,119 due from Morris Textiles Limited.
- vi) T J Morris Properties Limited (T J Morris is a director and major Shareholder)  
  
During the accounting year the company has made loan monies available to the above company. At the balance sheet date an amount of £4,271,744 is due from T J Morris Properties Limited.
- vii) 60 Hope Street Limited (Wholly owned subsidiary of T.J.Morris Properties Limited of whom T J Morris is a director and major shareholder)  
  
During the accounting year the company sold to the above, goods amounting to £1,456. At the balance sheet included in the accounts is an amount of £102,141 due from 60 Hope Street Limited.

**24. SHARE CAPITAL**

Authorised share capital:

	1999 £	1998 £
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 1999****24. SHARE CAPITAL** *(continued)*

Allotted, called up and fully paid:

	1999 £	1998 £
Ordinary share capital	20,000	20,000

**25. PROFIT AND LOSS ACCOUNT**

	1999 £	1998 £
Balance brought forward	12,011,290	8,617,715
Retained profit for the financial year	3,990,965	3,393,575
Balance carried forward	16,002,255	12,011,290

**26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1999 £	1998 £
Profit for the financial year	3,990,965	3,393,575
Opening shareholders' equity funds	12,031,290	8,637,715
Closing shareholders' equity funds	16,022,255	12,031,290

**27. RECONCILIATION OF OPERATING PROFIT TO  
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1999 £	1998 £
Operating profit	5,935,066	4,934,772
Depreciation	821,029	672,437
Amortisation of government grants	(377)	(444)
Increase in stocks	(182,787)	(2,290,621)
Increase in debtors	(3,364,787)	(1,127,948)
Increase in creditors	1,092,801	794,226
Net cash inflow from operating activities	4,300,945	2,982,422

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 1999****28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	1999		1998	
	£	£	£	£
Decrease in cash in the period	(281,434)		(99,747)	
Net cash inflow in respect of finance leases	(35,900)		-	
Cash used to increase liquid resources	<u>1,000,000</u>		<u>500,000</u>	
Change in net funds		682,666		400,253
Net funds at 1st July 1998		<u>822,197</u>		<u>421,944</u>
Net funds at 30th June 1999		<u>1,504,863</u>		<u>822,197</u>

**29. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Jul 1998	Cash flows	At 30 Jun 1999
	£	£	£
Cash in hand and at bank	12,985	1,457	14,442
Overdrafts	(190,788)	(282,891)	(473,679)
Net cash	<u>(177,803)</u>	<u>(281,434)</u>	<u>(459,237)</u>
Debt due within 1 year	-	(17,950)	(17,950)
Debt due after 1 year	-	(17,950)	(17,950)
Current asset investments	1,000,000	1,000,000	2,000,000
Net funds	<u>822,197</u>	<u>682,666</u>	<u>1,504,863</u>