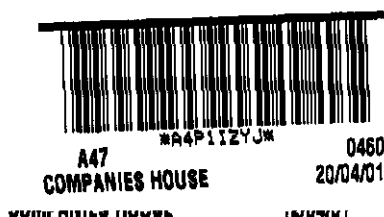


**T.J.MORRIS LIMITED**  
**FINANCIAL STATEMENTS**

**30TH JUNE 2000**



**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 2000**

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# **T.J.MORRIS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**

T J Morris  
E 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 DIRECTORS' REPORT****YEAR ENDED 30TH JUNE 2000**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30th June 2000.

**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 directors consider 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 directors have not recommended a dividend.

**THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	<b>Ordinary Shares of £1 each</b>	
	<b>At 30 June 2000</b>	<b>At 1 July 1999 or later date of appointment</b>
T J Morris	19,000	19,000
E Morris	-	-
	<hr/>	<hr/>

E Morris was appointed as a director on 20th September 1999.

**RETIREMENT OF DIRECTORS**

In accordance with the Articles of Association, T J Morris will retire from the board and, being eligible, will stand for re-appointment.

**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 members of staff who develops a disability during employment with the company.

**T.J.MORRIS LIMITED****THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30TH JUNE 2000****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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 8 to 9, 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DONATIONS**

During the year the company made the following contributions:

	2000	1999
	£	£
Charitable	<u>6,505</u>	<u>4,829</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 directors

  
T McMONNIES  
Company Secretary

Approved by the directors on 24<sup>th</sup> November 2000

**T.J.MORRIS LIMITED****AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 30TH JUNE 2000**

We have audited the financial statements on pages 5 to 197 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

As described on page 3, the company's directors are 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.

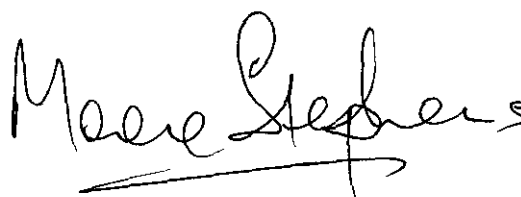
**BASIS OF OPINION**

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 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 the company's affairs as at 30th June 2000 and of the profit of the company 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

11<sup>th</sup> December 2000

**T.J.MORRIS LIMITED****PROFIT AND LOSS ACCOUNT****YEAR ENDED 30TH JUNE 2000**

	Note	2000 £	1999 £
<b>TURNOVER</b>	2	86,232,825	69,521,385
Cost of sales		(66,578,825)	(53,642,608)
<b>GROSS PROFIT</b>		19,654,000	15,878,777
Administrative expenses		(14,659,530)	(9,968,698)
Other operating income	3	21,314	24,987
<b>OPERATING PROFIT</b>	4	5,015,784	5,935,066
Loss on disposal of fixed assets	7	(8,817)	(81,993)
		5,006,967	5,853,073
Interest receivable	8	220,943	159,495
Interest payable	9	(3,576)	(126)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		5,224,334	6,012,442
Tax on profit on ordinary activities	10	(1,803,642)	(2,021,477)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		3,420,692	3,990,965
Balance brought forward		16,002,255	12,011,290
Balance carried forward		19,422,947	16,002,255

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 2000**

	Note	2000		1999	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		10,347,367		9,077,786
Investments	12		2,500		2,500
			<u>10,349,867</u>		<u>9,080,286</u>
<b>CURRENT ASSETS</b>					
Stocks	13	6,795,286		7,832,827	
Debtors	14	7,968,558		6,732,701	
Investments	15	3,750,000		2,000,000	
Cash at bank and in hand		41,340		14,442	
		<u>18,555,184</u>		<u>16,579,970</u>	
<b>CREDITORS: Amounts falling due within one year</b>	16	(9,216,105)		(9,390,101)	
<b>NET CURRENT ASSETS</b>			9,339,079		7,189,869
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>19,688,946</u>		<u>16,270,155</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17		-		(17,950)
			<u>19,688,946</u>		<u>16,252,205</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	19		(244,181)		(227,811)
Government grants	20		(1,818)		(2,139)
			<u>19,442,947</u>		<u>16,022,255</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	24		20,000		20,000
Profit and loss account			19,422,947		16,002,255
<b>SHAREHOLDERS' FUNDS</b>	25		<u>19,442,947</u>		<u>16,022,255</u>

These financial statements were approved by the directors on the 24<sup>th</sup> November 2000, and are signed on their behalf by:



T J MORRIS  
Director



**T.J.MORRIS LIMITED****CASH FLOW STATEMENT****YEAR ENDED 30TH JUNE 2000**

	Note	2000		1999	
		£	£	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>26</b>		6,466,794		4,300,945
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received		220,943		159,495	
Interest paid		(3,576)		(126)	
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			217,367		159,369
<b>TAXATION</b>			(2,690,000)		(1,640,442)
<b>CAPITAL EXPENDITURE</b>					
Payments to acquire tangible fixed assets		(2,411,298)		(2,502,706)	
Receipts from sale of fixed assets		17,999		365,500	
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>			(2,393,299)		(2,137,206)
<b>CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>			1,600,862		682,666
<b>MANAGEMENT OF LIQUID RESOURCES</b>					
Purchase of other liquid investments		(1,750,000)		(1,000,000)	
<b>NET CASH OUTFLOW FROM MANAGEMENT OF LIQUID RESOURCES</b>			(1,750,000)		(1,000,000)
<b>FINANCING</b>					
Capital element of hire purchase agreements		(17,950)		35,900	
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING</b>			(17,950)		35,900
<b>DECREASE IN CASH</b>	<b>27</b>		(167,088)		(281,434)

The notes on pages 8 to 17 form part of these financial statements.

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 2000****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 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 on a straight line basis.

**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 on a straight line basis over the period of the lease.

**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.

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 2000****1. ACCOUNTING POLICIES** *(continued)***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 to which they relate.

**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:

	2000 £	1999 £
United Kingdom	86,232,825	69,521,385

**3. OTHER OPERATING INCOME**

	2000 £	1999 £
Rent receivable	21,314	24,987

**4. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2000 £	1999 £
Amortisation of government grants re fixed assets	(321)	(377)
Depreciation	977,951	821,029
Auditors' remuneration		
- as auditors	15,800	15,000
- as consultants	16,203	10,710
Operating lease costs:		
Land and buildings	2,246,045	1,607,765
Vehicles	194,408	152,066

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 2000****5. PARTICULARS OF EMPLOYEES**

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

	2000	1999
	No.	No.
Number of administrative and warehouse staff	80	60
Number of retail staff	902	692
	<u>982</u>	<u>752</u>

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	7,533,971	5,041,187
Social security costs	489,030	344,639
Other pension costs	19,424	23,078
	<u>8,042,425</u>	<u>5,408,904</u>

**6. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Emoluments receivable	<u>1,042,874</u>	<u>449,952</u>

**Emoluments of highest paid director:**

	2000	1999
	£	£
Total emoluments (excluding pension contributions):	<u>974,741</u>	<u>449,952</u>

**7. LOSS ON DISPOSAL OF FIXED ASSETS**

	2000	1999
	£	£
Loss on disposal of fixed assets	<u>(8,817)</u>	<u>(81,993)</u>

**8. INTEREST RECEIVABLE**

	2000	1999
	£	£
Bank interest receivable	213,658	156,793
Other interest received	7,285	2,702
	<u>220,943</u>	<u>159,495</u>

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 2000****9. INTEREST PAYABLE**

	<b>2000</b>	1999
	<b>£</b>	<b>£</b>
Other similar charges payable	<u>3,576</u>	<u>126</u>

**10. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2000</b>	1999
	<b>£</b>	<b>£</b>
In respect of the year:		
Corporation tax based on the results for the year	1,800,000	2,000,000
Increase in deferred tax provision (Note 19):		
Capital allowances	<u>16,370</u>	<u>31,035</u>
	<u>1,816,370</u>	<u>2,031,035</u>
Adjustment in respect of previous years:		
Corporation tax	<u>(12,728)</u>	<u>(9,558)</u>
	<u>1,803,642</u>	<u>2,021,477</u>

**11. TANGIBLE FIXED ASSETS**

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>COST</b>						
At 1 Jul 1999	5,677,716	2,127,172	1,461,882	3,030,113	399,238	12,696,121
Additions	708,947	677,223	251,458	525,251	111,469	2,274,348
Disposals	-	(20,176)	-	-	(52,044)	(72,220)
<b>At 30 Jun 2000</b>	<u>6,386,663</u>	<u>2,784,219</u>	<u>1,713,340</u>	<u>3,555,364</u>	<u>458,663</u>	<u>14,898,249</u>
<b>DEPRECIATION</b>						
At 1 Jul 1999	365,649	974,530	562,170	1,537,832	178,154	3,618,335
Charge for the year	101,484	311,290	185,135	302,630	77,412	977,951
On disposals	-	(16,265)	-	-	(29,139)	(45,404)
<b>At 30 Jun 2000</b>	<u>467,133</u>	<u>1,269,555</u>	<u>747,305</u>	<u>1,840,462</u>	<u>226,427</u>	<u>4,550,882</u>
<b>NET BOOK VALUE</b>						
<b>At 30 Jun 2000</b>	<u>5,919,530</u>	<u>1,514,664</u>	<u>966,035</u>	<u>1,714,902</u>	<u>232,236</u>	<u>10,347,367</u>
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>

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 2000****11. TANGIBLE FIXED ASSETS** *(continued)***Hire purchase agreements**

Included within the net book value of £10,347,367 is £30,291 (1999 - £40,387) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £10,097 (1999 - £13,462).

**Capital commitments**

	2000 £	1999 £
Contracted but not provided for in the accounts	-	1,143,552

**12. INVESTMENTS****Unlisted investments****Total  
£****COST**

At 1st July 1999 and 30th June 2000

2,500

**NET BOOK VALUE**

At 30th June 2000

2,500

At 30th June 1999

2,500

**13. STOCKS**

	2000 £	1999 £
Finished goods	6,795,286	7,832,827

**14. DEBTORS**

	2000 £	1999 £
Trade debtors	723,531	760,243
Other debtors	5,659,092	4,769,489
Directors current accounts	186,824	-
Prepayments and accrued income	1,399,111	1,202,969
	<u>7,968,558</u>	<u>6,732,701</u>

The Directors Current Account included above relates to Mr T. J. Morris and the details are as follows.

	£
Opening balance at 1 <sup>st</sup> July 1999	58,815 Creditor
Maximum outstanding during the year	186,824 Debtor
Closing balance at 30 <sup>th</sup> June 2000	<u>186,824 Debtor</u>

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 2000****15. INVESTMENTS**

	2000 £	1999 £
Bank short term deposits	<u>3,750,000</u>	<u>2,000,000</u>

**16. CREDITORS: Amounts falling due within one year**

	2000 £	1999 £
Bank loans and overdrafts	667,665	473,679
Trade creditors	4,183,146	4,592,304
Other creditors including taxation and social security:		
Corporation tax	1,061,272	2,000,000
PAYE and social security	644,222	360,951
VAT	553,110	429,827
Hire purchase agreements	17,950	17,950
Other creditors	<u>143,745</u>	<u>226,358</u>
	2,420,299	3,035,086
Accruals and deferred income	<u>1,944,995</u>	<u>1,289,032</u>
	<u>9,216,105</u>	<u>9,390,101</u>

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

	2000 £	1999 £
Bank loans and overdrafts	667,665	473,679
Hire purchase agreements	17,950	17,950
	<u>685,615</u>	<u>491,629</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**

	2000 £	1999 £
Other creditors:		
Hire purchase agreements	<u>-</u>	<u>17,950</u>

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

	2000 £	1999 £
Hire purchase agreements	<u>-</u>	<u>17,950</u>

The hire purchase liabilities are secured on the assets concerned.

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 2000****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 £19,424 (1999 £23,078). Prepaid contributions amounted to £1,494 (1999 accrued £2,979).

**19. DEFERRED TAXATION**

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

	<b>2000</b>	1999
	<b>£</b>	£
Provision brought forward	227,811	196,776
Increase in provision	16,370	31,035
Provision carried forward	<u>244,181</u>	<u>227,811</u>

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

	<b>2000</b>	1999
	<b>£</b>	£
Excess of taxation allowances over depreciation on fixed assets	<u>244,181</u>	<u>227,811</u>

**20. GOVERNMENT GRANTS**

	<b>2000</b>	1999
	<b>£</b>	£
<b>Received and receivable:</b>		
At 1st July 1999	7,847	7,847
At 30th June 2000	<u>7,847</u>	<u>7,847</u>
<b>Amortisation:</b>		
At 1st July 1999	5,708	5,331
Credit to profit and loss account	321	377
At 30th June 2000	<u>6,029</u>	<u>5,708</u>
Net balance at 30th June 2000	<u>1,818</u>	<u>2,139</u>



**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 2000****21. COMMITMENTS UNDER OPERATING LEASES**

At 30th June 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	2000		1999	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	48,750	-	23,250	2,647
Within 2 to 5 years	202,150	127,406	238,150	79,668
After more than 5 years	1,809,812	36,108	1,421,750	-
	<u>2,060,712</u>	<u>163,514</u>	<u>1,683,150</u>	<u>82,315</u>

**22. CONTINGENCIES**

T J Morris Limited have entered into a bond arrangement with National Westminster Bank Plc providing security for a loan to a third party amounting to £750,000.

T J Morris acts as guarantor to a lease held by third parties for an annual rental of £63,500 subject to five year reviews.

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 2000****23. RELATED PARTY TRANSACTIONS**

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

i) T J Morris (Company Director)

The company paid rent of £36,000 to T J Morris in respect of retail premises occupied by the company. Included within debtors at the balance sheet date is £186,824, due from 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 £2,285. A Morris provided the company with consultancy services in the year amounting to £21,277. Included within other debtors at the balance sheet date is £17,910 due from A Morris.

iii) M Sweeting (Sister of T J Morris)

During the accounting year the company bought from the above, goods and services amounting to £46,024 and sold goods to the value of £11. At the balance sheet date an amount of £15 is due to M Sweeting.

iv) 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 £47,785 and £11,117 respectively. At the balance sheet date included in the accounts is £255,701 due from Morris Textiles Limited.

v) 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 bought from and sold to the above, goods amounting to £1,984 and £2,538 respectively. At the balance sheet date an amount of £102,568 is due from 60 Hope Street Limited.

vi) T J Morris Properties Limited (T J Morris is a director and major shareholder)

The company made loan monies available to T J Morris Properties Limited in the year. At the balance sheet date the balance due from T J Morris Properties Limited was £5,222,960. The company leased properties from TJ Morris Properties Limited, the rent payable during the year was £196,558.

**24. SHARE CAPITAL****Authorised share capital:**

	<b>2000</b>	1999
	<b>£</b>	£
20,000 Ordinary shares of £1 each	20,000	20,000

**Allotted, called up and fully paid:**

	<b>2000</b>	1999
	<b>£</b>	£
Ordinary share capital	20,000	20,000

**T.J.MORRIS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH JUNE 2000****25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2000	1999
	£	£
Profit for the financial year	3,420,692	3,990,965
Opening shareholders' equity funds	16,022,255	12,031,290
Closing shareholders' equity funds	<u>19,442,947</u>	<u>16,022,255</u>

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

	2000	1999
	£	£
Operating profit	5,015,784	5,935,066
Depreciation	977,951	821,029
Amortisation of government grants	(321)	(377)
Decrease/(Increase) in stocks	1,037,541	(182,787)
Increase in debtors	(1,271,857)	(3,364,787)
Increase in creditors	707,696	1,092,801
Net cash inflow from operating activities	<u>6,466,794</u>	<u>4,300,945</u>

**27. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2000	1999
	£	£
Decrease in cash in the period	(167,088)	(281,434)
Net cash outflow/(inflow) in respect of hire purchase agreements	17,950	(35,900)
Cash used to increase liquid resources	<u>1,750,000</u>	<u>1,000,000</u>
	1,600,862	682,666
Change in net debt	1,600,862	682,666
Net debt at 1st July 1999	1,504,863	822,197
Net debt at 30th June 2000	<u>3,105,725</u>	<u>1,504,863</u>

**28. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Jul 1999	Cash flows	At 30 Jun 2000
	£	£	£
Net cash:			
Cash in hand and at bank	14,442	26,898	41,340
Overdrafts	(473,679)	(193,986)	(667,665)
Net cash	(459,237)	(167,088)	(626,325)
Debt due within 1 year	(17,950)	-	(17,950)
Debt due after 1 year	(17,950)	17,950	-
Current asset investments	2,000,000	1,750,000	3,750,000
Net funds	<u>1,504,863</u>	<u>1,600,862</u>	<u>3,105,725</u>