

Company Registration No. 01505036 (England and Wales)

T. J. MORRIS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Moore Stephens (North West) LLP
Chartered Accountants



T. J. MORRIS LIMITED

COMPANY INFORMATION

Directors	Mr T J Morris Mr J L Morris
Secretary	Mr G McLoughlin
Company number	01505036
Registered office	Portal Way Axis Business Park Gillmoss Liverpool L11 0JA
Auditor	Moore Stephens (North West) LLP 110-114 Duke Street Liverpool L1 5AG

T. J. MORRIS LIMITED

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T. J. MORRIS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report for the year ended 30 June 2017.

Strategic Aims

The company aims to continue its current levels of growth, to maintain its position in the marketplace.

This objective will be achieved by:

- continuing to expand the company's retail operations throughout the United Kingdom by opening new stores
- continuing to provide its customers with quality products at bargain prices
- offering new retail opportunities to customers

Fair Review of the Business

The company achieved an increase in turnover from £1,603m to £1,869m, an increase of £266m or 17%. This was achieved by the opening of additional retail outlets during the year, shop re-sites and an increased contribution from existing stores. Operating profit increased from £137m to £168m, an increase of £31m or 23%.

The balance sheet on page 8 of the financial statements shows that the company's financial position has strengthened compared to the prior year in terms of net assets.

At 30 June 2017 the company had 448 retail outlets. Further additions to retail outlets are planned during the year to 30 June 2018 which should lead to further growth in turnover and profitability.

The company manages its operations on a retail outlet basis. For this reason the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Future Developments of the Business

The company intends to increase the number of retail outlets in operation to approximately 500 in the year to 30 June 2018. The company intends to eventually have 800-1,000 retail outlets open.

Financial Risk Management Objectives and Policies

The company uses various financial instruments including loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are market risk, liquidity risk, interest rate risk, cash flow and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Market risk

Market risk encompasses three types of risk being currency risk, interest rate risk and price risk. The company's policies for managing interest rate risk are considered along with those for managing cash flow risk and are set out in the subsection entitled "interest rate risk" below.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

T. J. MORRIS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

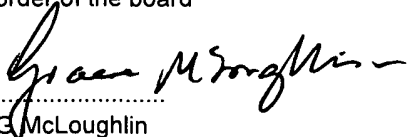
Interest rate risk

The company finances its operations through retained profits. The company's exposure to interest rate fluctuations is negligible given its surplus of cash.

Credit risk

The company's principal financial assets are cash balances which are invested safely.

By order of the board



Mr C. McLoughlin

Secretary

03/10/17

T. J. MORRIS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

Principal activities

The principal activity of the company continued to be the retailing of household products at bargain prices.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr T J Morris

Mr J L Morris

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Disabled persons

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 develop a disability during employment with the company.

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.

Auditor

The auditor, Moore Stephens (North West) LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

T. J. MORRIS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

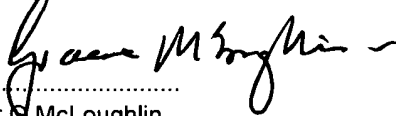
Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the fair review of the company's business, and an indication of future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



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Mr G McLoughlin

Secretary

Date: 03/10/17

T. J. MORRIS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF T. J. MORRIS LIMITED

Opinion

We have audited the financial statements of T. J. Morris Limited (the 'company') for the year ended 30 June 2017 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

T. J. MORRIS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF T. J. MORRIS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

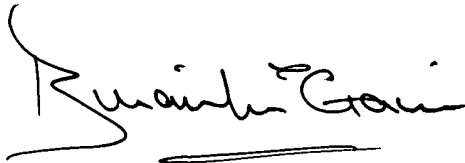
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



Brian McGain (Senior Statutory Auditor)
for and on behalf of Moore Stephens (North West) LLP

3.10.2017

Chartered Accountants
Statutory Auditor

110-114 Duke Street
Liverpool
L1 5AG

T. J. MORRIS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Turnover	3	1,869,198,381	1,602,864,617
Cost of sales		(1,290,743,065)	(1,104,612,524)
Gross profit		578,455,316	498,252,093
Administrative expenses		(414,797,991)	(363,780,742)
Other operating income		4,333,971	2,451,781
Operating profit	4	167,991,296	136,923,132
Interest receivable and similar income	8	1,011,203	800,493
Interest payable and similar expenses	9	(776,492)	(730,065)
Profit before taxation		168,226,007	136,993,560
Taxation	10	(35,211,195)	(30,181,311)
Profit for the financial year		133,014,812	106,812,249

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

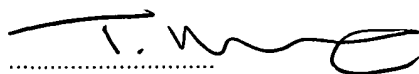
T. J. MORRIS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	12	587,242,675		509,936,896	
Current assets					
Stocks	14	181,735,794		148,733,933	
Debtors falling due after more than one year	15	59,413,048		49,008,548	
Debtors falling due within one year	15	76,647,503		69,640,907	
Cash at bank and in hand		37,827,270		32,841,749	
		<u>355,623,615</u>		<u>300,225,137</u>	
Creditors: amounts falling due within one year	16	<u>(163,020,633)</u>		<u>(162,185,969)</u>	
Net current assets		<u>192,602,982</u>		<u>138,039,168</u>	
Total assets less current liabilities		<u>779,845,657</u>		<u>647,976,064</u>	
Creditors: amounts falling due after more than one year	17	(26,477,781)		(27,632,008)	
Provisions for liabilities	19	(5,553,418)		(5,544,410)	
Net assets		<u><u>747,814,458</u></u>		<u><u>614,799,646</u></u>	
Capital and reserves					
Called up share capital	22	20,000		20,000	
Profit and loss reserves		<u>747,794,458</u>		<u>614,779,646</u>	
Total equity		<u><u>747,814,458</u></u>		<u><u>614,799,646</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 2.10.2017 and are signed on its behalf by:



Mr T J Morris
Director

Company Registration No. 01505036

T. J. MORRIS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 July 2015		20,000	547,967,397	547,987,397
Year ended 30 June 2016:				
Profit and total comprehensive income for the year			106,812,249	106,812,249
Dividends	11		(40,000,000)	(40,000,000)
Balance at 30 June 2016		20,000	614,779,646	614,799,646
Year ended 30 June 2017:				
Profit and total comprehensive income for the year			133,014,812	133,014,812
Balance at 30 June 2017		20,000	747,794,458	747,814,458

T. J. MORRIS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	29	159,342,012		139,033,259	
Interest paid		(776,492)		(730,065)	
Income taxes paid		(30,419,921)		(31,374,867)	
Net cash inflow from operating activities		128,145,599		106,928,327	
Investing activities					
Purchase of tangible fixed assets	(121,213,099)		(94,098,416)		
Proceeds on disposal of tangible fixed assets	2,119,759		1,392,892		
Interest received	1,011,203		800,493		
Net cash used in investing activities		(118,082,137)		(91,905,031)	
Financing activities					
Proceeds from borrowings	-		17,825,877		
Repayment of bank loans	(5,077,941)		(2,120,552)		
Dividends paid	-		(40,000,000)		
Net cash used in financing activities		(5,077,941)		(24,294,675)	
Net increase/(decrease) in cash and cash equivalents		4,985,521		(9,271,379)	
Cash and cash equivalents at beginning of year		32,841,749		42,113,128	
Cash and cash equivalents at end of year		37,827,270		32,841,749	

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

Company information

T. J. Morris Limited is a private company limited by shares incorporated in England and Wales. The registered office is Portal Way, Axis Business Park, Gillmoss, Liverpool, L11 0JA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under sections 402 and 405 of the Companies Act 2006 not to prepare consolidated accounts, on the grounds that the inclusion of its subsidiary company, Axis Business Park Liverpool Management Company Limited, is not material for the purposes of giving a true and fair view.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT. Cash sales are recognised at the point of sale and credit sales are recognised when goods are delivered to the customer.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	2% straight line
Leasehold property	Over 8 years from last major refurbishment
Plant and machinery	15% reducing balance
Fixtures, fittings & equipment	15% reducing balance
Computer equipment	25% straight line
Motor vehicles	25% reducing balance
Helicopters	10% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost represents the cost price of goods plus import duty and freight charges for goods purchased from overseas. Net realisable value represents the price achieved for goods when sold.

The company imports goods from overseas suppliers. These are recognised as goods in transit from the moment they are shipped from the port of origin until they are received into warehouse stock. Goods in transit are valued at cost.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.15 Website development

Website development costs are written off as they are incurred.

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
Sale of goods	1,869,198,381	1,602,864,617

	2017 £	2016 £
Other significant revenue		
Interest income	1,011,203	800,493

	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	1,869,198,381	1,602,864,617

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	-	(28,870)
Depreciation of owned tangible fixed assets	40,578,511	37,315,167
Loss on disposal of tangible fixed assets	1,209,051	147,215
Cost of stocks recognised as an expense	1,290,743,065	1,104,612,524
Operating lease charges	49,469,171	44,523,957

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £- (2016 - £28,870).

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	70,000	65,000
For other services		
Taxation compliance services	31,000	18,500
Other taxation services	156,000	125,000
All other non-audit services	6,000	14,500
	193,000	158,000

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Administrative and warehouse staff	1,619	1,030
Retail staff	16,429	14,823
	18,048	15,853

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	223,913,648	193,640,043
Social security costs	9,708,310	7,727,554
Pension costs	1,170,683	917,590
	234,792,641	202,285,187

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	734,314	2,592,981

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

7 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	371,581	2,163,853

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	238,487	350,940
Other interest income	772,716	449,553
Total income	1,011,203	800,493

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	238,487	350,940
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9 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	26,557	107,387
Other finance costs:		
Other interest	749,935	622,678
	776,492	730,065

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	37,000,000	31,000,000
Adjustments in respect of prior periods	(1,797,813)	(705,211)
Total current tax	35,202,187	30,294,789
Deferred tax		
Origination and reversal of timing differences	9,008	(113,478)
Total tax charge	35,211,195	30,181,311

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	168,226,007	136,993,560
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	33,224,636	27,398,712
Tax effect of expenses that are not deductible in determining taxable profit	296,250	680,519
Permanent capital allowances in excess of depreciation	(78,627)	46,714
Depreciation on assets not qualifying for tax allowances	2,446,190	2,205,844
Under/(over) provided in prior years	(1,797,813)	(705,211)
Origination and reversal of timing differences - capital allowances	9,008	(113,478)
Rounding of tax charge	1,111,551	668,211
Taxation charge for the year	35,211,195	30,181,311

11 Dividends

	2017 £	2016 £
Paid during the year	-	40,000,000

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

12 Tangible fixed assets

	Freehold property	Leasehold property	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 July 2016	388,082,907	95,346,718	124,950,604	80,230,135	688,610,364
Additions	82,938,625	12,760,639	13,046,574	12,467,261	121,213,099
Disposals	(3,152,565)	(755,329)	(785,465)	(743,103)	(5,436,462)
At 30 June 2017	467,868,967	107,352,028	137,211,713	91,954,293	804,387,001
Depreciation and impairment					
At 1 July 2016	28,750,873	57,657,259	49,542,491	42,722,844	178,673,467
Depreciation charged in the year	7,012,477	10,408,744	15,677,338	7,479,952	40,578,511
Eliminated in respect of disposals	(106,657)	(738,605)	(627,492)	(634,898)	(2,107,652)
At 30 June 2017	35,656,693	67,327,398	64,592,337	49,567,898	217,144,326
Carrying amount					
At 30 June 2017	432,212,274	40,024,630	72,619,376	42,386,395	587,242,675
At 30 June 2016	359,332,033	37,689,459	75,408,113	37,507,291	509,936,896

Freehold land and buildings with a carrying amount of £69,655,601 (2016 - £69,561,406) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

13 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets	68,901,993	58,766,091
Carrying amount of financial liabilities	165,150,455	170,087,371

14 Stocks

	2017 £	2016 £
Goods in transit	24,033,409	12,393,949
Goods for resale	157,702,385	136,339,984
	181,735,794	148,733,933

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

15 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	3,071,447	3,033,680
Other debtors	6,417,498	6,723,863
Prepayments and accrued income	67,158,558	59,883,364
	<u>76,647,503</u>	<u>69,640,907</u>
Amounts falling due after more than one year:		
Other debtors	<u>59,413,048</u>	<u>49,008,548</u>
Total debtors	<u>136,060,551</u>	<u>118,649,455</u>

Included in other debtors due after more than one year are loans made by the company to related parties totalling £59,413,048 (2016 - £49,008,548). These loans are repayable on demand, but the directors have decided that they should be disclosed as being due after more than one year as the company has no intention of calling in these loans in the foreseeable future, as part of the ongoing financial support for these related parties.

16 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	-	2,120,548
Trade creditors		95,990,273	90,777,874
Corporation tax		18,202,194	13,419,928
Other taxation and social security		6,145,765	6,310,678
Other creditors		7,738,549	24,019,310
Accruals and deferred income		34,943,852	25,537,631
		<u>163,020,633</u>	<u>162,185,969</u>

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

17 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	-	2,957,393
Accruals and deferred income		26,477,781	24,674,615
		<u>26,477,781</u>	<u>27,632,008</u>

Accruals and deferred income falling due after more than one year represent operating lease incentives and capital contributions.

Amounts included above which fall due after five years are as follows:

Operating lease incentives and capital contributions to be released after five years	14,364,879	13,684,275
	<u>14,364,879</u>	<u>13,684,275</u>

18 Loans and overdrafts

	2017 £	2016 £
Bank loans	-	5,077,941
Payable within one year	-	2,120,548
Payable after one year	-	2,957,393
	<u>-</u>	<u>10,155,882</u>

The bank loans were secured by a first legal mortgage over a number of the company's freehold properties and by a cross-guarantee with T J Morris Properties Limited, a related party. They have been fully repaid during the year.

19 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	20	5,553,418	5,544,410
		<u>5,553,418</u>	<u>5,544,410</u>

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	5,553,418	5,544,410
	<u>5,553,418</u>	<u>5,544,410</u>
Movements in the year:		2017 £
Liability at 1 July 2016		5,544,410
Charge to profit or loss		9,008
		<u>5,553,418</u>
Liability at 30 June 2017		<u>5,553,418</u>

Of the deferred tax liability set out above, £366,247 is expected to reverse within 12 months.

21 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,170,683	917,590
	<u>1,170,683</u>	<u>917,590</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
20,000 Ordinary shares of £1 each	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

23 Financial commitments, guarantees and contingent liabilities

The company's bankers had issued letters of credit to foreign suppliers in the sum of £497,508 at 30 June 2017 which would not be released to the suppliers' bank accounts until after the year end.

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

24 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	45,808,868	41,753,219
Between two and five years	166,904,698	150,707,070
In over five years	224,987,407	214,519,094
	<u>437,700,973</u>	<u>406,979,383</u>

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2017 £	2016 £
Acquisition of tangible fixed assets	<u>16,001,297</u>	<u>8,139,590</u>

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>734,314</u>	<u>2,592,981</u>

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Interest received		Purchase of goods	
	2017 £	2016 £	2017 £	2016 £
Entities over which the entity has control, joint control or significant influence	628,872	458,492	-	-
Other related parties	<u>-</u>	<u>-</u>	<u>167,175</u>	<u>215,094</u>

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

26 Related party transactions

(Continued)

	Rent paid		Purchase of assets	
	2017	2016	2017	2016
	£	£	£	£
Entities over which the entity has control, joint control or significant influence	322,500	322,500	-	-
Other related parties	-	-	-	1,389,360

The following amounts were outstanding at the reporting end date:

	2017	2016
	£	£
Amounts owed to related parties		
Other related parties	575	182,912

The following amounts were outstanding at the reporting end date:

	Balance	2017 Provision	Net
	£	£	£
Amounts owed by related parties			
Entities over which the entity has control, joint control or significant influence	59,444,187	-	59,444,187
Amounts owed in previous period			
	Balance	2016 Provision	Net
	£	£	£
Entities over which the entity has control, joint control or significant influence	49,033,093	-	49,033,093
Other related parties	2,500,023	1,902,593	597,430

Amounts owed by related parties (entities over which the entity has control, joint control or significant influence) include £36,417,614 due from Prescott Business Park Limited (majority owned by Mr T J Morris), £7,295,908 due from T J Morris Properties Limited (majority owned by Mr T J Morris), £11,663,354 due from 4 Mosquito Limited (a company registered in the B.V.I., owned jointly by Mr T J Morris and 3 of his children), and £4,036,172 due from Belamile Limited (majority owned by Mr T J Morris).

Amounts owed by related parties (entities over which the entity has control, joint control or significant influence) include balances totalling £50,999,694 which have been personally guaranteed by Mr T J Morris, director.

T. J. MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

26 Related party transactions

(Continued)

The following amounts were recognised as an expense in the period in respect of bad and doubtful debts due from related parties:

	2017 £	2016 £
Other related parties	-	1,902,593

27 Directors' transactions

Dividends totalling £0 (2016 - £38,000,000) were paid in the year in respect of shares held by the company's directors.

Included in accruals and deferred income is an amount of £749,935 (2016 - £622,678) in relation to interest accruing on the current account of Mr T J Morris but not credited to his current account.

28 Controlling party

The ultimate controlling party of the company is Mr T J Morris who is the majority shareholder.

29 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	133,014,812	106,812,249
Adjustments for:		
Taxation charged	35,211,195	30,181,311
Finance costs	776,492	730,065
Investment income	(1,011,203)	(800,493)
Loss on disposal of tangible fixed assets	1,209,051	147,215
Depreciation and impairment of tangible fixed assets	40,578,511	37,315,167
Movements in working capital:		
(Increase) in stocks	(33,001,861)	(40,951,102)
(Increase) in debtors	(17,411,097)	(26,034,661)
(Decrease)/increase in creditors	(23,888)	31,633,508
Cash generated from operations	159,342,012	139,033,259