

COMPANY REGISTRATION NUMBER 01505036

**T.J.MORRIS LIMITED**  
**FINANCIAL STATEMENTS**  
**30TH JUNE 2014**

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COMPANIES HOUSE

**MOORE STEPHENS (NORTH WEST) LLP**

Chartered Accountants & Statutory Auditor

110-114 Duke Street

Liverpool

L1 5AG

**T.J.MORRIS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30TH JUNE 2014**

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# **T.J.MORRIS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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**The board of directors**

T J Morris  
J Morris

**Company secretary**

G. P. McLoughlin

**Registered office**

Axis Business Park  
Gillmoss  
Liverpool  
L11 0JA

**Auditor**

Moore Stephens (North West) LLP  
Chartered Accountants  
& Statutory Auditor  
110-114 Duke Street  
Liverpool  
L1 5AG

# **T.J.MORRIS LIMITED**

## **STRATEGIC REPORT**

**YEAR ENDED 30TH JUNE 2014**

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The directors present their Strategic Report for the year ended 30 June 2014.

### **STRATEGIC AIMS**

The company aims to continue its current levels of growth to become the leading sector retailer in the United Kingdom.

This objective will be achieved by:

- The continued expansion of the company's retail operation throughout the United Kingdom by opening new stores and the creation of a new distribution centre in the southern part of the UK.
- Continuing to provide its customers with quality products at bargain prices.
- offering new retail opportunities to customers.

### **REVIEW OF THE BUSINESS**

The company achieved an increase in turnover from £1,058m to £1,277m, a percentage increase of some 21%. This was achieved from the contribution of additional retail outlets opened during the year, shop re-sites and like for like growth from existing stores. Operating profit increased by £14,082,146 from £110,379,592 in 2013 to £124,461,738.

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

Further additions to retail outlets are planned during the year ended 30 June 2015 which should show further growth in turnover and profitability.

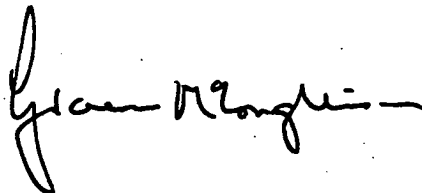
The company manages its operations on a retail outlet basis. For this reason the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

### **FUTURE DEVELOPMENTS**

The company is about to open a new distribution centre in Amesbury near Salisbury to further service expansion of the geographic retail base into the southern part of the UK. An additional warehouse facility has recently opened on the Axis Business Park site in Liverpool.

The company intends to increase the number of retail outlets in operation to approximately 400 in the year ended 30 June 2015. The intention is to have approximately 700 retail outlets open within the next five years.

Signed by order of the directors



G. P. McLOUGHLIN  
Company Secretary

Approved by the directors on 2/10/14

# T.J.MORRIS LIMITED

## DIRECTORS' REPORT

### YEAR ENDED 30TH JUNE 2014

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The directors present their report and the financial statements of the company for the year ended 30th June 2014.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £95,347,173. Particulars of dividends paid are detailed in note 10 to the financial statements.

#### DIRECTORS

The directors who served the company during the year were as follows:

T J Morris

J Morris

#### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' 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 (United Kingdom Accounting Standards and applicable law). 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 year.

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;
- 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.

#### DONATIONS

During the year the company made the following contributions:

	2014	2013
	£	£
Charitable	<u>222,938</u>	<u>155,027</u>

#### 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 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.

# T.J.MORRIS LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 30TH JUNE 2014

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### STRATEGIC REPORT

The company has chosen, in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to set out in its Strategic Report the fair review of the company's business required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

### AUDITOR

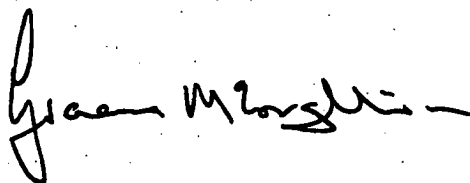
Moore Stephens (North West) LLP, the Company's auditors, have indicated their willingness to continue in office and, in accordance with Section 487(2) of the Companies Act 2006, they are deemed re-appointed.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:  
Axis Business Park  
Gillmoss  
Liverpool  
L11 0JA

Signed by order of the directors



G. P. McLOUGHLIN  
Company Secretary

Approved by the directors on 2/10/14

# **T.J.MORRIS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF T.J.MORRIS LIMITED**

**YEAR ENDED 30TH JUNE 2014**

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We have audited the financial statements of T.J.Morris Limited for the year ended 30th June 2014 on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th June 2014 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.

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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:

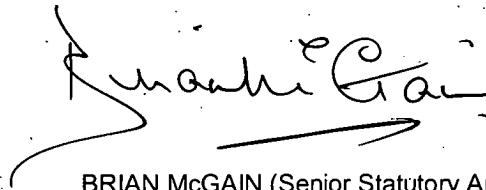
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

**T.J.MORRIS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF T.J.MORRIS LIMITED** *(continued)*

**YEAR ENDED 30TH JUNE 2014**

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BRIAN McGAIN (Senior Statutory Auditor)  
For and on behalf of  
MOORE STEPHENS (NORTH WEST) LLP  
Chartered Accountants  
& Statutory Auditor

110-114 Duke Street  
Liverpool  
L1 5AG

2.10.2014



**T.J.MORRIS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30TH JUNE 2014**

	Note	2014 £	2013 £
<b>TURNOVER</b>	<b>2</b>	<b>1,277,323,810</b>	<b>1,058,398,602</b>
Cost of sales		899,677,668	744,784,475
<b>GROSS PROFIT</b>		<b>377,646,142</b>	<b>313,614,127</b>
Administrative expenses		255,162,941	205,178,308
Other operating income		(1,978,537)	(1,943,773)
<b>OPERATING PROFIT</b>	<b>3</b>	<b>124,461,738</b>	<b>110,379,592</b>
Loss on disposal of fixed assets	<b>6</b>	(198,377)	(274,288)
		124,263,361	110,105,304
Interest receivable	<b>7</b>	751,345	1,313,153
Interest payable and similar charges	<b>8</b>	(255,044)	(562,364)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>124,759,662</b>	<b>110,856,093</b>
Tax on profit on ordinary activities	<b>9</b>	29,412,489	28,230,244
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>95,347,173</b>	<b>82,625,849</b>

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

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

The notes on pages 11 to 21 form part of these financial statements.

# T.J.MORRIS LIMITED

## BALANCE SHEET

30TH JUNE 2014

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	11	375,140,806	250,711,563
<b>CURRENT ASSETS</b>			
Stocks	12	93,795,566	81,421,479
Debtors due within one year	13	49,903,506	31,396,259
Debtors due after one year	13	27,496,384	24,686,264
Cash at bank and in hand		31,331,418	82,655,614
		<u>202,526,874</u>	<u>220,159,616</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>102,112,830</u>	<u>87,674,301</u>
<b>NET CURRENT ASSETS</b>		<u>100,414,044</u>	<u>132,485,315</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>475,554,850</u>	<u>383,196,878</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15	29,833,360	30,059,710
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	18	5,846,195	4,209,046
		<u>439,875,295</u>	<u>348,928,122</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	22	20,000	20,000
Profit and loss account	23	439,855,295	348,908,122
<b>SHAREHOLDERS' FUNDS</b>	24	<u>439,875,295</u>	<u>348,928,122</u>

These accounts were approved by the directors and authorised for issue on 2.10.2014 and are signed on their behalf by:



T J MORRIS  
Director

Company Registration Number: 01505036

The notes on pages 11 to 21 form part of these financial statements.

# T.J.MORRIS LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 30TH JUNE 2014

	Note	2014 £	2013 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		132,419,581	122,114,040
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		751,345	1,313,153
Interest paid		(255,044)	(562,364)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		496,301	750,789
<b>TAXATION</b>		(30,300,000)	(25,900,011)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(147,239,451)	(57,456,446)
Receipts from sale of fixed assets		164,425	196,071
Disposal of investments		—	2,500
<b>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		(147,075,026)	(57,257,875)
<b>EQUITY DIVIDENDS PAID</b>		(4,400,000)	(6,600,000)
<b>CASH (OUTFLOW)/INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		(48,859,144)	33,106,943
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Cash placed in short term deposits		—	15,000,000
<b>NET CASH INFLOW FROM MANAGEMENT OF LIQUID RESOURCES</b>		—	15,000,000
<b>FINANCING</b>			
Repayment of bank loans		(2,465,052)	(17,096,053)
<b>NET CASH OUTFLOW FROM FINANCING</b>		(2,465,052)	(17,096,053)
<b>(DECREASE)/INCREASE IN CASH</b>		(51,324,196)	31,010,890

The notes on pages 11 to 21 form part of these financial statements.

# T.J.MORRIS LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 30TH JUNE 2014

### RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	124,461,738	110,379,592
Depreciation	22,447,406	18,876,222
Increase in stocks	(12,374,087)	(5,412,068)
Increase in debtors	(21,317,367)	(2,812,741)
Increase in creditors	19,201,891	1,083,035
Net cash inflow from operating activities	<u>132,419,581</u>	<u>122,114,040</u>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014 £	2013 £
(Decrease)/increase in cash in the period	(51,324,196)	31,010,890
Net cash outflow from bank loans	2,465,052	17,096,053
Cash used to decrease liquid resources	<u>—</u>	<u>(15,000,000)</u>
	(48,859,144)	33,106,943
Change in net debt	(48,859,144)	33,106,943
Net funds at 1 July 2013	<u>68,431,517</u>	<u>35,324,574</u>
Net debt at 30 June 2014	<u>19,572,373</u>	<u>68,431,517</u>

### ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 2013 £	Cash flows £	At 30 Jun 2014 £
Net cash:			
Cash in hand and at bank	82,655,614	(51,324,196)	31,331,418
Less: deposits treated as liquid resources	(25,000,000)	—	(25,000,000)
	<u>57,655,614</u>	<u>(51,324,196)</u>	<u>6,331,418</u>
Liquid resources:			
Deposits included in cash	<u>25,000,000</u>	<u>—</u>	<u>25,000,000</u>
Debt:			
Debt due within 1 year	(2,272,550)	—	(2,272,550)
Debt due after 1 year	(11,951,547)	2,465,052	(9,486,495)
	<u>(14,224,097)</u>	<u>2,465,052</u>	<u>(11,759,045)</u>
Net debt	<u>68,431,517</u>	<u>(48,859,144)</u>	<u>19,572,373</u>

The notes on pages 11 to 21 form part of these financial statements.

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2014

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### 1. ACCOUNTING POLICIES

#### Basis of accounting

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

#### Operating lease incentives

Urgent Issues Task Force Abstract Number 28 requires that the aggregate benefit of a rent free period offered as an incentive to a lessee to enter into a lease should be allocated over the shorter of the lease term and a period ending on a date from which it is expected the prevailing market rent will be payable. The company has adopted a policy whereby the aggregate benefit of rent free periods is written off over the full period of the lease, rather than to the date of a rent review, a date from which it may be considered that a prevailing market rental would be payable.

The directors have taken the view that the adopted policy is more accurate and presents a true and fair view as opposed to the prescribed policy, since they would not have entered into longer lease periods without the greater incentives having been offered by the landlords. These incentives were offered to entice the company to enter into longer term leases rather than shorter term leases. The directors therefore consider that the rent free periods involved should be written off over the full periods of the leases involved.

The adopted policy results in a rent free period provision of £22,421,029 being included in accruals and deferred income in these financial statements. The adopted policy also resulted in £2,074,164 of previous provisions being released and credited to the profit and loss account with the creation of additional provisions in the year of £4,795,909. If the provision had been made in accordance with the prescribed policy, the provision would be £9,863,594 as at 30th June 2014, and would have resulted in £3,650,655 being released and credited to the profit and loss account with the creation of additional provisions in the year of £3,297,242.

#### Turnover

The turnover shown in the profit and loss account represents cash sales and amounts invoiced during the year, exclusive of Value Added Tax. Cash sales are recognised at the point of sale and credit sales are recognised when goods are delivered to the customer.

#### Fixed assets

All fixed assets are initially recorded at cost.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Freehold Property	- 2% straight line method
Leasehold Property	- over 8 years from last major refurbishment
Leasehold Property Premiums	- over the full period of the lease with no residual value
Plant & Machinery	- 15% reducing balance method
Computer Equipment	- 25% straight line method
Fixtures & Fittings	- 15% reducing balance method
Motor Vehicles	- 25% reducing balance method
Helicopters	- 10% straight line method

# **T.J.MORRIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30TH JUNE 2014**

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### **1. ACCOUNTING POLICIES *(continued)***

#### **Stocks**

Stocks are valued 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 for foreign purchases. Net realisable value represents the price achieved for goods when sold.

#### **Goods in transit**

The company imports considerable quantities of goods from foreign countries. Goods are recognised as Goods in Transit from the moment they have been shipped FOB from the port of origin until they reach the warehouse facility at which point they are received into warehouse stock. Goods in transit is valued at the cost price of the goods shipped.

#### **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 defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the company. The contributions to the schemes are charged to the profit and loss account.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Consolidation**

The company has taken advantage of the exemption provided by Sections 402 and 405 of the Companies Act 2006 not to prepare group accounts on the grounds that the inclusion of its two subsidiary companies is not material for the purposes of giving a true and fair view.

#### **Website development**

Website costs are written off as they are incurred.

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 30TH JUNE 2014

#### 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:

	2014 £	2013 £
United Kingdom	<u>1,277,323,810</u>	<u>1,058,398,602</u>

#### 3. OPERATING PROFIT

Operating profit is stated after charging:

	2014 £	2013 £
Depreciation of owned fixed assets	22,447,406	18,876,222
Operating lease costs:		
- Other	34,743,178	29,640,448
Auditor's remuneration - audit of the financial statements	60,000	60,000
Auditor's remuneration - other fees	<u>104,544</u>	<u>76,549</u>

	2014 £	2013 £
Auditor's remuneration - audit of the financial statements	<u>60,000</u>	<u>60,000</u>

Auditor's remuneration - other fees:

- Taxation services	94,960	67,645
- Other Services	<u>9,584</u>	<u>8,904</u>
	<u>104,544</u>	<u>76,549</u>

#### 4. PARTICULARS OF EMPLOYEES

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

	2014 No	2013 No
Number of administrative and warehouse staff	692	664
Number of retail staff	<u>10,406</u>	<u>8,574</u>
	<u>11,098</u>	<u>9,238</u>

The aggregate payroll costs of the above were:

	2014 £	2013 £
Wages and salaries	135,725,234	106,194,615
Social security costs	5,776,788	4,518,846
Other pension costs	<u>575,811</u>	<u>59,073</u>
	<u>142,077,833</u>	<u>110,772,534</u>

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2014

### 5. DIRECTORS' REMUNERATION

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

	2014 £	2013 £
Remuneration receivable	<u>2,398,420</u>	<u>1,099,422</u>

#### Remuneration of highest paid director:

	2014 £	2013 £
Total remuneration (excluding pension contributions)	<u>1,200,185</u>	<u>814,754</u>

### 6. LOSS ON DISPOSAL OF FIXED ASSETS

	2014 £	2013 £
Loss on disposal of fixed assets	<u>(198,377)</u>	<u>(274,288)</u>

### 7. INTEREST RECEIVABLE

	2014 £	2013 £
Bank interest receivable	748,027	1,311,987
Other interest received	3,318	1,166
	<u>751,345</u>	<u>1,313,153</u>

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Interest payable on bank borrowing	228,138	562,364
Other similar charges payable	26,906	-
	<u>255,044</u>	<u>562,364</u>



# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2014

### 9. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2014	2013
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	28,200,000	28,500,000
Over/under provision in prior year	(424,660)	(175,311)
Total current tax	27,775,340	28,324,689
Deferred tax:		
Origination and reversal of timing differences (note 18)		
Capital allowances	1,834,704	75,677
Change in rate of tax	(197,555)	(170,122)
Total deferred tax (note 18)	1,637,149	(94,445)
Tax on profit on ordinary activities	29,412,489	28,230,244

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 22.50% (2013 - 23.75%).

	2014	2013
	£	£
Profit on ordinary activities before taxation	124,759,662	110,856,093
Profit on ordinary activities by rate of tax	28,070,924	26,328,322
Expenses not deductible for tax purposes	304,495	598,798
Capital allowances for period in excess of depreciation	(2,099,720)	(254,819)
Depreciation of land and buildings	1,924,301	1,827,699
Adjustments to tax charge in respect of previous periods	(424,660)	(175,311)
Total current tax (note 9(a))	27,775,340	28,324,689

### 10. DIVIDENDS

#### Equity dividends

	2014	2013
	£	£
Paid during the year:		
Dividends on equity shares	4,400,000	6,600,000

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2014

### 11. TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
<b>COST</b>					
At 1 July 2013	188,647,301	65,347,940	43,058,054	50,161,479	347,214,774
Additions	86,151,104	12,802,100	37,558,507	10,727,740	147,239,451
Disposals	—	(423,188)	(887,289)	(224,506)	(1,534,983)
<b>At 30 June 2014</b>	<b>274,798,405</b>	<b>77,726,852</b>	<b>79,729,272</b>	<b>60,664,713</b>	<b>492,919,242</b>
<b>DEPRECIATION</b>					
At 1 July 2013	15,857,332	32,408,958	22,676,956	25,559,965	96,503,211
Charge for the year	3,251,406	8,193,244	5,721,108	5,281,648	22,447,406
On disposals	—	(300,116)	(726,532)	(145,533)	(1,172,181)
<b>At 30 June 2014</b>	<b>19,108,738</b>	<b>40,302,086</b>	<b>27,671,532</b>	<b>30,696,080</b>	<b>117,778,436</b>
<b>NET BOOK VALUE</b>					
<b>At 30 June 2014</b>	<b>255,689,667</b>	<b>37,424,766</b>	<b>52,057,740</b>	<b>29,968,633</b>	<b>375,140,806</b>
At 30 June 2013	172,789,969	32,938,982	20,381,098	24,601,514	250,711,563

#### Capital commitments

	2014 £	2013 £
Contracted but not provided for in the financial statements	39,459,713	20,928,199

### 12. STOCKS

	2014 £	2013 £
Goods for resale	86,313,476	74,067,307
Goods in transit	7,482,090	7,354,172
	<b>93,795,566</b>	<b>81,421,479</b>

### 13. DEBTORS

	2014 £	2013 £
Trade debtors	9,802,841	9,920,093
VAT recoverable	2,948,738	—
Other debtors	30,790,449	25,680,937
Directors current accounts	364,771	284,845
Prepayments and accrued income	33,493,091	20,196,648
	<b>77,399,890</b>	<b>56,082,523</b>

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 30TH JUNE 2014

#### 13. DEBTORS (continued)

The debtors above include the following amounts falling due after more than one year:

	2014 £	2013 £
Other debtors	<u>27,496,384</u>	<u>24,686,264</u>

The loans by the company to Half Price or Less Limited (2014 £2,500,023 - 2013 £2,500,023), T J Morris Properties Limited (2014 £11,608,589 - 2013 £11,508,589) and Prescott Business Park Limited (2014 £13,387,772 - 2013 £10,677,652) totalling £27,496,384 (2013 £24,686,264) are repayable on demand. 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 such loans in the foreseeable future as part of the ongoing financial support for these related parties. Included in debtors is a Directors Current Account relating to Mr T. J. Morris. The details are as follows:

	2014 £
Opening balance at 1st July 2013	284,845
Amounts paid by the company on behalf of and to the director	4,339,926
Amounts repaid by the director	(4,260,000)
Balance at 30 June 2014	<u>364,771</u>

#### 14. CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Bank loans	2,272,550	2,272,550
Trade creditors	65,545,441	50,467,576
Other creditors including taxation and social security:		
Taxation and social security	11,781,443	19,645,464
Other creditors	4,479,750	4,015,728
	<u>84,079,184</u>	<u>76,401,318</u>
Accruals and deferred income	18,033,646	11,272,983
	<u>102,112,830</u>	<u>87,674,301</u>

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

	2014 £	2013 £
Bank loans	<u>2,272,550</u>	<u>2,272,550</u>

The bank loans and overdrafts are 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.

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 30TH JUNE 2014

#### 15. CREDITORS: Amounts falling due after more than one year

	2014 £	2013 £
Bank loans and overdrafts	9,486,495	11,951,547
Other creditors:		
Accruals and deferred income	20,346,865	18,108,163
	<u>29,833,360</u>	<u>30,059,710</u>

Accruals and deferred income represent operating lease incentives of rent free periods and capital contributions - the amount due after five years is £13,696,765 (2013 £12,169,144).

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

	2014 £	2013 £
Bank loans and overdrafts	<u>9,486,495</u>	<u>11,951,547</u>

The bank loans and overdrafts are 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.

The bank loans attract interest of between 0.95% and 1.25% over LIBOR and between 1% and 1.5% over base rate.

#### 16. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	2014 £	2013 £
Amounts repayable:		
In one year or less or on demand	2,272,550	2,272,550
In more than one year but not more than two years	2,272,550	2,272,550
In more than two years but not more than five years	5,403,258	5,587,760
In more than five years	1,810,687	4,091,237
	<u>11,759,045</u>	<u>14,224,097</u>

#### 17. PENSIONS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension costs charge represents contributions payable by the company to the funds and amounted to £575,811 (2013 £59,073).

#### 18. DEFERRED TAXATION

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

	2014 £	2013 £
Provision brought forward	4,209,046	4,303,491
Profit and loss account movement arising during the year	1,637,149	(94,445)
Provision carried forward	<u>5,846,195</u>	<u>4,209,046</u>

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 30TH JUNE 2014

#### 18. DEFERRED TAXATION *(continued)*

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

	2014 £	2013 £
Excess of taxation allowances over depreciation on fixed assets	6,213,872	4,379,168
Change in rate of tax	(367,677)	(170,122)
	<u>5,846,195</u>	<u>4,209,046</u>

#### 19. COMMITMENTS UNDER OPERATING LEASES

At 30th June 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	1,016,350	167,402	925,350	139,417
Within 2 to 5 years	4,905,024	378,494	3,956,106	608,678
After more than 5 years	24,911,972	-	20,792,236	-
	<u>30,833,346</u>	<u>545,896</u>	<u>25,673,692</u>	<u>748,095</u>

#### 20. CONTINGENCIES

The company's bankers had issued letters of credit to foreign suppliers in the sum of £376,667 at 30th June 2014 which would not be released to the suppliers bank accounts until after the year end.

# **T.J.MORRIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30TH JUNE 2014**

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### **21. RELATED PARTY TRANSACTIONS**

The company was under the control of Mr T.J. Morris throughout the current and previous year. Mr T.J. Morris is the managing director and majority shareholder.

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

#### **Mr T J Morris (Company Director)**

Included within debtors at the balance sheet date is £364,771 (2013 £284,845) due from Mr T J Morris. Mr T J Morris received a dividend of £4,180,000 in the year.

#### **M Sweeting (Sister of Mr T J Morris)**

During the accounting year the company sold to the above goods amounting to £51,242. At the balance sheet date nothing (2013 £310) was due to the company by M. Sweeting.

#### **T J Morris Properties Limited (Mr 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 £11,608,589 (2013 £11,508,589). No interest is charged on this loan. The company leased properties from T J Morris Properties Limited, the rent payable during the year was £464,514 and the amount due to T J Morris Properties at the balance sheet date was £94,750 (2013 £94,750). Included in prepayments is an amount of £64,375 (2013 £82,537) representing rents prepaid by the company. The amount due to the company by T J Morris Properties Limited at the year end has been personally guaranteed by T.J. Morris Esq. a director and majority shareholder.

#### **Half Price or Less Limited is a company controlled by S. Morris (Son of Mr T J Morris)**

The company made loan monies available to Half Price or Less Limited in the year. At the balance sheet date the balance due from Half Price or Less Limited was £2,500,023 (2013 £2,500,023). This loan is interest free. The company issued sales credit notes to Half Price or Less Limited in the sum of £35,266. Sales to this related party are at arms length. At the balance sheet date trade debtors includes an amount of £394,884 (2013 £435,354) due to the company from Half Price or Less Limited. The monies due to the company by Half Price or Less Limited at the year end have been personally guaranteed by T.J. Morris Esq. a director and majority shareholder.

#### **P.& S. Taylor Limited is a wholly owned subsidiary of Half Price or Less Limited**

During the year the company sold goods to the value of £1,421,170 to P.& S. Taylor Limited. Sales to this company are at arms length. At the balance sheet date P.& S. Taylor Limited owed the company £815,352 (2013 £911,660). The amount due to the company by P.& S. Taylor Limited at the year end has been personally guaranteed by T.J. Morris Esq. a director and majority shareholder.

#### **Trans Pacific Limited is a company controlled by Anton Morris (the brother of T.J. Morris Esq) and his wife Catherine Morris.**

During the accounting year the company bought goods from the above amounting to £124,824. At the balance sheet date nothing was due to the company by Trans Pacific Limited (2013 £0).

#### **Matthew Morris (the son of T.J. Morris Esq)**

At the balance sheet date an amount of £17,000 (2013 £17,000) was due by the company to Mr M Morris.

#### **Prescot Business Park Limited (T.J. Morris Esq. is a director and major shareholder in this company)**

The company made a loan to Prescot Business Park Limited. At the balance sheet date the loan

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2014

### 21. RELATED PARTY TRANSACTIONS *(continued)*

balance outstanding was £13,387,772 (2013 £10,677,652). The company charged interest on the loan in the sum of £172,429 (2013 £157,798) for the period to 30 June 2014. The amount due to the company by Prescott Business Park Limited at the year end has been personally guaranteed by T.J. Morris Esq. a director and majority shareholder.

#### **Brabco 1330 Limited**

Brabco 1330 Limited is a wholly owned subsidiary of the company. During the year the company sold freehold property to Brabco 1330 Limited in the sum of £3,347,600. The company purchased the property back on a 999 year lease from Brabco 1330 Limited for the sum of £3,347,600.

#### **Axis Business Park Liverpool Management Company Limited**

Axis Business Park Liverpool Management Company Limited is a subsidiary company. During the year the company was charged £10,673 for service charges by, and paid expenses in the sum of £12,954 on behalf of Axis Business Park Liverpool Management Company Limited. These expenses are shown as accrued income and accruals in the accounts of the subsidiary. At the year end an amount of £1,700 (2013 £0) was due by the company to Axis Business Park Liverpool Management Company Limited.

### 22. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	20,000	20,000	20,000	20,000

### 23. PROFIT AND LOSS ACCOUNT

	2014	2013
	£	£
Balance brought forward	348,908,122	272,882,273
Profit for the financial year	95,347,173	82,625,849
Equity dividends	(4,400,000)	(6,600,000)
Balance carried forward	439,855,295	348,908,122

### 24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Profit for the financial year	95,347,173	82,625,849
Equity dividends	(4,400,000)	(6,600,000)
Net addition to shareholders' funds	90,947,173	76,025,849
Opening shareholders' funds	348,928,122	272,902,273
Closing shareholders' funds	439,875,295	348,928,122

### 25. ULTIMATE CONTROLLING PARTY

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