

**T.J.MORRIS LIMITED**  
**FINANCIAL STATEMENTS**  
**30TH JUNE 2015**

TUESDAY



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A24 06/10/2015 #190  
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 2015**

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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 2015**

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The directors present their Strategic Report for the year ended 30 June 2015.

#### **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 £1,277m to £1,472m, a percentage increase of some 15%. 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 £22m from £124m in 2014 to £146m.

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 2016 which should show further growth in turnover and profitability.

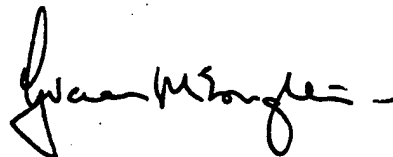
The company manages its operations on a retail outlet basis. For this reason the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

#### **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 420 in the year ended 30 June 2016. 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 .....1/10/15.....

# **T.J.MORRIS LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 30TH JUNE 2015**

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The directors present their report and the financial statements of the company for the year ended 30th June 2015.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £115,112,102. 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:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Charitable	<u>724,154</u>	<u>222,938</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 2015**

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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

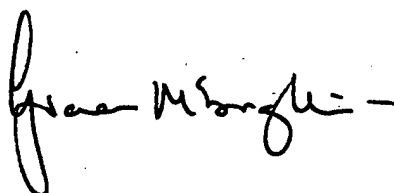
Moore Stephens (North West) LLP, the Company's auditors, have indicated their willingness to continue in office and, in accordance with Section 487(2) of the Companies Act 2006, they are deemed re-appointed.

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 .....1/10/15.....

# **T.J.MORRIS LIMITED**

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

### **YEAR ENDED 30TH JUNE 2015**

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We have audited the financial statements of T.J.Morris Limited for the year ended 30th June 2015 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 2015 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.

# T.J.MORRIS LIMITED

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

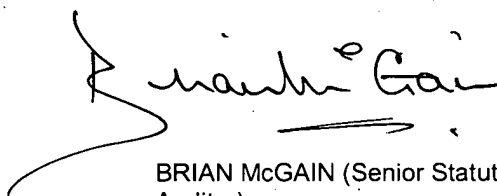
YEAR ENDED 30TH JUNE 2015

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### 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.



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

5/10/2015



**T.J.MORRIS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30TH JUNE 2015**

	Note	2015 £	2014 £
<b>TURNOVER</b>	<b>2</b>	1,472,432,312	1,277,323,810
Cost of sales		1,026,633,881	899,677,668
<b>GROSS PROFIT</b>		445,798,431	377,646,142
Administrative expenses		301,428,894	255,162,941
Other operating income		(2,365,363)	(1,978,537)
<b>OPERATING PROFIT</b>	<b>3</b>	146,734,900	124,461,738
Loss on disposal of fixed assets	<b>6</b>	(46,975)	(198,377)
		146,687,925	124,263,361
Interest receivable	<b>7</b>	812,091	751,345
Interest payable and similar charges	<b>8</b>	(378,845)	(255,044)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		147,121,171	124,759,662
Tax on profit on ordinary activities	<b>9</b>	32,009,069	29,412,489
<b>PROFIT FOR THE FINANCIAL YEAR</b>		115,112,102	95,347,173

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 2015

	Note	2015 £	2014 £
<b>FIXED ASSETS</b>			
Tangible assets	11	454,693,754	375,140,806
<b>CURRENT ASSETS</b>			
Stocks	12	107,782,831	93,795,566
Debtors due within one year	13	61,775,124	49,903,506
Debtors due after one year	13	30,839,670	27,496,384
Cash at bank and in hand		42,113,128	31,331,418
		<u>242,510,753</u>	<u>202,526,874</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>116,758,956</u>	<u>102,112,830</u>
<b>NET CURRENT ASSETS</b>		125,751,797	100,414,044
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>580,445,551</u>	<u>475,554,850</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15	26,800,266	29,833,360
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	18	5,657,888	5,846,195
		<u>547,987,397</u>	<u>439,875,295</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	22	20,000	20,000
Profit and loss account	23	547,967,397	439,855,295
<b>SHAREHOLDERS' FUNDS</b>	24	<u>547,987,397</u>	<u>439,875,295</u>

These accounts were approved by the directors and authorised for issue on 1/10/2015 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 2015

	Note	2015	2014
		£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		157,323,300	132,419,581
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		812,091	751,345
Interest paid		(378,845)	(255,044)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		433,246	496,301
<b>TAXATION</b>		(29,478,813)	(30,300,000)
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible fixed assets	(106,177,827)	(147,239,451)	
Receipts from sale of fixed assets	242,356	164,425	
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		(105,935,471)	(147,075,026)
<b>EQUITY DIVIDENDS PAID</b>		(7,000,000)	(4,400,000)
<b>CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		15,342,262	(48,859,144)
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Cash placed in short term deposits	25,000,000	—	—
<b>NET CASH INFLOW FROM MANAGEMENT OF LIQUID RESOURCES</b>		25,000,000	—
<b>FINANCING</b>			
Repayment of bank loans	(4,560,552)	(2,465,052)	
<b>NET CASH OUTFLOW FROM FINANCING</b>		(4,560,552)	(2,465,052)
<b>INCREASE/(DECREASE) IN CASH</b>		<u>35,781,710</u>	<u>(51,324,196)</u>

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

**T.J.MORRIS LIMITED****CASH FLOW STATEMENT****YEAR ENDED 30TH JUNE 2015****RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Operating profit	146,734,900	124,461,738
Depreciation	26,335,548	22,447,406
Increase in stocks	(13,987,265)	(12,374,087)
Increase in debtors	(15,214,904)	(21,317,367)
Increase in creditors	13,455,021	19,201,891
Net cash inflow from operating activities	<u>157,323,300</u>	<u>132,419,581</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2015 £	2014 £
Increase/(decrease) in cash in the period	35,781,710	(51,324,196)
Net cash outflow from bank loans	4,560,552	2,465,052
Cash used to decrease liquid resources	<u>(25,000,000)</u>	<u>—</u>
	15,342,262	(48,859,144)
Change in net funds	15,342,262	(48,859,144)
Net debt at 1 July 2014	19,572,373	68,431,517
Net funds at 30 June 2015	<u>34,914,635</u>	<u>19,572,373</u>

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Jul 2014 £	Cash flows £	At 30 Jun 2015 £
Net cash:			
Cash in hand and at bank	31,331,418	10,781,710	42,113,128
Less: deposits treated as liquid resources	<u>(25,000,000)</u>	<u>25,000,000</u>	<u>—</u>
	6,331,418	35,781,710	42,113,128
Liquid resources:			
Deposits included in cash	<u>25,000,000</u>	<u>(25,000,000)</u>	<u>—</u>
Debt:			
Debt due within 1 year	(2,272,550)	152,002	(2,120,548)
Debt due after 1 year	<u>(9,486,495)</u>	<u>4,408,550</u>	<u>(5,077,945)</u>
	(11,759,045)	4,560,552	(7,198,493)
Net funds	<u>19,572,373</u>	<u>15,342,262</u>	<u>34,914,635</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 2015**

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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 £23,785,127 being included in accruals and deferred income in these financial statements. The adopted policy also resulted in £2,062,806 of previous provisions being released and credited to the profit and loss account with the creation of additional provisions in the year of £3,426,904. If the provision had been made in accordance with the prescribed policy, the provision would be £8,171,174 as at 30th June 2015, and would have resulted in £3,950,403 being released and credited to the profit and loss account with the creation of additional provisions in the year of £2,257,983.

As stated above, for many years the company's accounting policy with regard to the treatment of lease incentives has been at variance with Urgent Issues Task Force Abstract Number 28. However, it is worthwhile noting that Financial Reporting Standard 102, which comes into effect with regard to all accounting periods commencing after 1st January 2015, has come into line with the policy hitherto adopted by the company.

#### **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 2015**

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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, Axis Business Park Liverpool Management Company Limited and Brabco 1330 Limited, is not material for the purposes of giving a true and fair view.

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2015

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

#### Website development

Website costs are written off as they are incurred.

### 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:

	2015 £	2014 £
United Kingdom	<u>1,472,432,312</u>	<u>1,277,323,810</u>

### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of owned fixed assets	26,335,548	22,447,406
Operating lease costs:		
- Other	38,289,184	34,743,178
Net profit on foreign currency translation	(91,539)	-
Auditor's remuneration - audit of the financial statements	65,000	60,000
Auditor's remuneration - other fees	<u>172,500</u>	<u>104,544</u>
	2015 £	2014 £
Auditor's remuneration - audit of the financial statements	<u>65,000</u>	<u>60,000</u>
Auditor's remuneration - other fees:		
- Taxation services	167,500	94,960
- Other Services	5,000	9,584
	<u>172,500</u>	<u>104,544</u>

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2015

### 4. PARTICULARS OF EMPLOYEES

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

	2015 No	2014 No
Number of administrative and warehouse staff	682	692
Number of retail staff	13,161	10,406
	<u>13,843</u>	<u>11,098</u>

The aggregate payroll costs of the above were:

	2015 £	2014 £
Wages and salaries	164,878,429	135,725,234
Social security costs	6,374,927	5,776,788
Other pension costs	745,030	575,811
	<u>171,998,386</u>	<u>142,077,833</u>

### 5. DIRECTORS' REMUNERATION

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

	2015 £	2014 £
Remuneration receivable	<u>1,283,598</u>	<u>2,398,420</u>

Remuneration of highest paid director:

	2015 £	2014 £
Total remuneration (excluding pension contributions)	<u>937,525</u>	<u>1,200,185</u>

### 6. LOSS ON DISPOSAL OF FIXED ASSETS

	2015 £	2014 £
Loss on disposal of fixed assets	<u>(46,975)</u>	<u>(198,377)</u>

### 7. INTEREST RECEIVABLE

	2015 £	2014 £
Bank interest receivable	590,403	748,027
Other interest received	221,688	3,318
	<u>812,091</u>	<u>751,345</u>



# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2015

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Interest payable on bank borrowing	367,077	228,138
Other similar charges payable	11,768	26,906
	<u>378,845</u>	<u>255,044</u>

### 9. TAXATION ON ORDINARY ACTIVITIES

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

	2015 £	2014 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	31,500,000	28,200,000
Over/under provision in prior year	697,376	(424,660)
Total current tax	<u>32,197,376</u>	<u>27,775,340</u>
Deferred tax:		
Origination and reversal of timing differences (note 18)		
Capital allowances	(188,307)	1,637,149
Tax on profit on ordinary activities	<u>32,009,069</u>	<u>29,412,489</u>

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

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20.75% (2014 - 22.50%).

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>147,121,171</u>	<u>124,759,662</u>
Profit on ordinary activities by rate of tax	30,527,643	28,070,924
Expenses not deductible for tax purposes	519,154	304,495
Capital allowances for period in excess of depreciation	(1,237,312)	(2,099,720)
Depreciation of land and buildings	1,690,515	1,924,301
Adjustments to tax charge in respect of previous periods	697,376	(424,660)
Total current tax (note 9(a))	<u>32,197,376</u>	<u>27,775,340</u>

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2015

### 10. DIVIDENDS

#### Equity dividends

	2015 £	2014 £
Paid during the year:		
Dividends on equity shares	<u>7,000,000</u>	<u>4,400,000</u>

### 11. TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
<b>COST</b>					
At 1 July 2014	274,798,405	77,726,852	79,729,272	60,664,713	492,919,242
Additions	60,350,862	6,942,103	29,163,289	9,721,573	106,177,827
Disposals	—	—	(1,085,267)	—	(1,085,267)
<b>At 30 June 2015</b>	<u>335,149,267</u>	<u>84,668,955</u>	<u>107,807,294</u>	<u>70,386,286</u>	<u>598,011,802</u>
<b>DEPRECIATION</b>					
At 1 July 2014	19,108,738	40,302,086	27,671,532	30,696,080	117,778,436
Charge for the year	4,270,636	8,559,961	7,621,990	5,882,961	26,335,548
On disposals	—	—	(795,936)	—	(795,936)
<b>At 30 June 2015</b>	<u>23,379,374</u>	<u>48,862,047</u>	<u>34,497,586</u>	<u>36,579,041</u>	<u>143,318,048</u>
<b>NET BOOK VALUE</b>					
<b>At 30 June 2015</b>	<u>311,769,893</u>	<u>35,806,908</u>	<u>73,309,708</u>	<u>33,807,245</u>	<u>454,693,754</u>
At 30 June 2014	<u>255,689,667</u>	<u>37,424,766</u>	<u>52,057,740</u>	<u>29,968,633</u>	<u>375,140,806</u>

#### Capital commitments

	2015 £	2014 £
Contracted but not provided for in the financial statements	<u>10,079,533</u>	<u>39,459,713</u>

### 12. STOCKS

	2015 £	2014 £
Goods for resale	94,565,454	86,313,476
Goods in transit	<u>13,217,377</u>	<u>7,482,090</u>
	<u>107,782,831</u>	<u>93,795,566</u>

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2015

### 13. DEBTORS

	2015 £	2014 £
Trade debtors	3,252,909	9,802,841
VAT recoverable	—	2,948,738
Other debtors	40,444,545	30,790,449
Directors current accounts	865,302	364,771
Prepayments and accrued income	48,052,038	33,493,091
	<u>92,614,794</u>	<u>77,399,890</u>

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

	2015 £	2014 £
Other debtors	<u>30,839,670</u>	<u>27,496,384</u>

The loans by the company to Half Price or Less Limited (2015 £2,500,023 - 2014 £2,500,023), T J Morris Properties Limited (2015 £7,795,908 - 2014 £11,608,589) and Prescott Business Park Limited (2015 £20,543,739 - 2014 £13,387,772) totalling £30,839,670 (2014 £27,496,384) 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:

	2015 £
Opening balance at 1st July 2014	364,771
Amounts paid by the company on behalf of and to the director	7,150,531
Amounts repaid by the director	(6,650,000)
Closing balance at 30 June 2015	<u>865,302</u>

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

	2015 £	2014 £
Bank loans	2,120,548	2,272,550
Trade creditors	72,158,769	65,545,441
Other creditors including taxation:		
Taxation	18,800,777	11,781,443
Other creditors	5,195,587	4,479,750
	<u>98,275,681</u>	<u>84,079,184</u>
Accruals and deferred income	18,483,275	18,033,646
	<u>116,758,956</u>	<u>102,112,830</u>

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2015

### 14. CREDITORS: Amounts falling due within one year (continued)

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

	2015 £	2014 £
Bank loans	<u>2,120,548</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.

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

	2015 £	2014 £
Bank loans and overdrafts	5,077,945	9,486,495
Other creditors:		
Accruals and deferred income	<u>21,722,321</u>	<u>20,346,865</u>
	<u>26,800,266</u>	<u>29,833,360</u>

Accruals and deferred income represent operating lease incentives of rent free periods and capital contributions - the amount due after five years is £13,241,188 (2014 £13,696,765).

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

	2015 £	2014 £
Bank loans and overdrafts	<u>5,077,945</u>	<u>9,486,495</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:

	2015 £	2014 £
Amounts repayable:		
In one year or less or on demand	2,120,548	2,272,550
In more than one year but not more than two years	2,120,548	2,272,550
In more than two years but not more than five years	2,957,397	5,403,258
In more than five years	—	1,810,687
	<u>7,198,493</u>	<u>11,759,045</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 £745,030 (2014 £575,811).

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2015

### 18. DEFERRED TAXATION

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

	2015 £	2014 £
Provision brought forward	5,846,195	4,209,046
Profit and loss account movement arising during the year	(188,307)	1,637,149
Provision carried forward	<u>5,657,888</u>	<u>5,846,195</u>

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

	2015 £	2014 £
Excess of taxation allowances over depreciation on fixed assets	5,657,888	5,846,195
	<u>5,657,888</u>	<u>5,846,195</u>

### 19. COMMITMENTS UNDER OPERATING LEASES

At 30th June 2015 the company had annual commitments under non-cancellable operating leases as set out below.

	2015		2014	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	1,141,025	36,454	1,016,350	167,402
Within 2 to 5 years	5,437,229	646,371	4,905,024	378,494
After more than 5 years	28,860,854	282,991	24,911,972	-
	<u>35,439,108</u>	<u>965,816</u>	<u>30,833,346</u>	<u>545,896</u>

### 20. CONTINGENCIES

The company's bankers had issued letters of credit to foreign suppliers in the sum of £118,550 at 30th June 2015 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 2015**

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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 £865,302 (2014 £364,771) due from Mr T J Morris. Mr T J Morris received a dividend of £6,650,000 in the year.

##### **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 £7,795,908 (2014 £11,608,589). No interest is charged on this loan. The company leased properties from T J Morris Properties Limited, the rent payable during the year was £322,500 and the amount due to T J Morris Properties at the balance sheet date was £nil (2014 £94,750). Included in prepayments is an amount of £64,375 (2014 £64,375) 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 (2014 £2,500,023). This loan is interest free. At the balance sheet date trade debtors includes an amount of £260,898 (2014 £394,884) due to the company from Half Price or Less Limited.

##### **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 £1,389,043 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 £817,303 (2014 £815,352).

##### **Trans Pacific Limited (Anton Morris (the brother of T.J. Morris Esq) and his wife Catherine Morris, are directors of the company)**

During the accounting year the company bought goods from Trans Pacific Limited amounting to £412,754. At the balance sheet date £nil was due from the company to Trans Pacific Limited (2014 £nil).

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

At the balance sheet date an amount of £22,373 (2014 £17,000) was due from 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 balance outstanding was £20,543,739 (2014 £13,387,772). The company charged interest on the loan in the sum of £218,367 (2014 £172,429) for the year to 30 June 2015. The amount owed to the company by Prescot Business Park Limited at the year end has been personally guaranteed by T.J. Morris Esq. a director and majority shareholder.

# T.J.MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH JUNE 2015

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

#### Axis Business Park Liverpool Management Company Limited

Axis Business Park Liverpool Management Company Limited is a subsidiary company. During the year the company paid expenses in the sum of £18,731 on behalf of Axis Business Park Liverpool Management Company Limited. At the year end an amount of £17,031 (2014 credit £1,700) was owed to the company by Axis Business Park Liverpool Management Company Limited.

#### 3X Software Limited

3X Software Limited is owned by Edward Morris, brother of T.J. Morris Esq. During the year ended 30 June 2015, 3X Software Limited made charges to the company of £500,000 for software capitalised and £4,170 for other services. At the year end £150,000 was payable to 3X Software Limited.

### 22. SHARE CAPITAL

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

### 23. PROFIT AND LOSS ACCOUNT

	2015	2014
	£	£
Balance brought forward	439,855,295	348,908,122
Profit for the financial year	115,112,102	95,347,173
Equity dividends	(7,000,000)	(4,400,000)
Balance carried forward	<u>547,967,397</u>	<u>439,855,295</u>

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

	2015	2014
	£	£
Profit for the financial year	115,112,102	95,347,173
Equity dividends	(7,000,000)	(4,400,000)
Net addition to shareholders' funds	108,112,102	90,947,173
Opening shareholders' funds	439,875,295	348,928,122
Closing shareholders' funds	<u>547,987,397</u>	<u>439,875,295</u>

### 25. ULTIMATE CONTROLLING PARTY

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