

Company Registration No. 01505036 (England and Wales)

**T. J. MORRIS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**



**Moore (NW) LLP**  
**Chartered Accountants**

# **T. J. MORRIS LIMITED**

## **COMPANY INFORMATION**

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | Mr T J Morris<br>Mr J L Morris                                       |
| <b>Secretary</b>         | Mr G McLoughlin  |
| <b>Company number</b>    | 01505036   |
| <b>Registered office</b> | Portal Way<br>Axis Business Park<br>Gillmoss<br>Liverpool<br>L11 0JA |
| <b>Auditor</b>           | Moore (NW) LLP<br>110-114 Duke Street<br>Liverpool<br>L1 5AG         |

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# **T. J. MORRIS LIMITED**

## **CONTENTS**

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|                                       | <b>Page</b> |
|---------------------------------------|-------------|
| Strategic report                      | 1 - 2       |
| Directors' report                     | 3           |
| Directors' responsibilities statement | 4           |
| Independent auditor's report          | 5 - 6       |
| Statement of comprehensive income     | 7           |
| Balance sheet                         | 8           |
| Statement of changes in equity        | 9           |
| Statement of cash flows               | 10          |
| Notes to the financial statements     | 11 - 27     |

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# **T. J. MORRIS LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 30 JUNE 2019***

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The directors present the strategic report for the year ended 30 June 2019.

### **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 £2,143m to £2,471m, an increase of £328m or 15%. 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 £201m to £231m, an increase of £30m or 15%.

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 2019 the company had 506 retail outlets. Further additions to retail outlets are planned during the year to 30 June 2020 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 in the year to 30 June 2020, and to eventually have between 800 and 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 2019**

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### **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 G McLoughlin

Secretary

.....  
1st October 2019

# **T. J. MORRIS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**

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The directors present their annual report and financial statements for the year ended 30 June 2019.

### **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.

Ordinary dividends were paid amounting to £10,000,000. 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 (NW) LLP (formerly Moore Stephens (North West) LLP), is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **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

  
.....  
Mr G McLoughlin

Secretary

Date: 1st October 2019

# **T. J. MORRIS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

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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**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF T. J. MORRIS LIMITED**

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#### **Opinion**

We have audited the financial statements of T. J. Morris Limited (the 'company') for the year ended 30 June 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. 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 2019 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**

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### **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, 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.

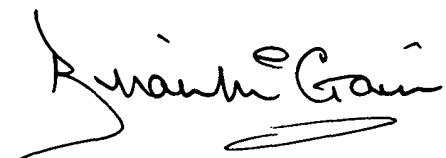
### **Auditor's responsibilities for the audit of the financial statements**

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.

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

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

3rd October 2019

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 2019**

|  |              | <b>2019</b>        | <b>2018</b>        |
|--|--------------|--------------------|--------------------|
|  | <b>Notes</b> | <b>£</b>           | <b>£</b>           |
| <b>Turnover</b>                        | <b>3</b>     | 2,470,617,223      | 2,143,267,097      |
| Cost of sales                          |              | (1,692,868,102)    | (1,466,026,092)    |
| <b>Gross profit</b>                    |              | <b>777,749,121</b> | <b>677,241,005</b> |
| Administrative expenses                |              | (553,057,951)      | (481,144,267)      |
| Other operating income                 |              | 6,207,543          | 5,091,877          |
| <b>Operating profit</b>                | <b>4</b>     | <b>230,898,713</b> | <b>201,188,615</b> |
| Interest receivable and similar income | <b>8</b>     | 2,444,829          | 1,512,059          |
| Interest payable and similar expenses  | <b>9</b>     | (37,296)           | (112)              |
| <b>Profit before taxation</b>          |              | <b>233,306,246</b> | <b>202,700,562</b> |
| Taxation                               | <b>10</b>    | (48,869,795)       | (38,759,264)       |
| <b>Profit for the financial year</b>   |              | <b>184,436,451</b> | <b>163,941,298</b> |

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 2019

|  | Notes | 2019<br>£                   | £                  | 2018<br>£                 | £ |
|--|-------|-----------------------------|--------------------|---------------------------|---|
| <b>Fixed assets</b>  |       |                             |                    |                           |   |
| Tangible assets  | 12    | 721,703,583                 |                    | 648,185,220               |   |
| Investments  | 13    | 353                         |                    | -                         |   |
|  |       | <u>721,703,936</u>          |                    | <u>648,185,220</u>        |   |
| <b>Current assets</b>  |       |                             |                    |                           |   |
| Stocks   | 16    | 190,835,763                 | 177,587,817        |                           |   |
| Debtors falling due after more than one year                   | 17    | 88,922,319                  | 72,004,832         |                           |   |
| Debtors falling due within one year                            | 17    | 117,834,906                 | 99,493,224         |                           |   |
| Cash at bank and in hand                                       |       | 219,032,579                 | 143,127,892        |                           |   |
|  |       | <u>616,625,567</u>          | <u>492,213,765</u> |                           |   |
| <b>Creditors: amounts falling due within one year</b>          | 18    | (221,786,945)               | (197,530,755)      |                           |   |
| <b>Net current assets</b>                                      |       | <u>394,838,622</u>          |                    | <u>294,683,010</u>        |   |
| <b>Total assets less current liabilities</b>                   |       | <u>1,116,542,558</u>        |                    | <u>942,868,230</u>        |   |
| <b>Creditors: amounts falling due after more than one year</b> | 19    | (25,908,219)                | (26,276,158)       |                           |   |
| <b>Provisions for liabilities</b>                              | 20    | (4,442,132)                 | (4,836,316)        |                           |   |
| <b>Net assets</b>  |       | <u><u>1,086,192,207</u></u> |                    | <u><u>911,755,756</u></u> |   |
| <b>Capital and reserves</b>                                    |       |                             |                    |                           |   |
| Called up share capital  | 23    | 20,000                      | 20,000             |                           |   |
| Profit and loss reserves                                       |       | <u>1,086,172,207</u>        | <u>911,735,756</u> |                           |   |
| <b>Total equity</b>  |       | <u><u>1,086,192,207</u></u> |                    | <u><u>911,755,756</u></u> |   |

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

1st October 2019



Mr T J Morris  
Director

Company Registration No. 01505036

# T. J. MORRIS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

|  | Notes | Share<br>capital<br>£ | Profit and<br>loss reserves<br>£ | Total<br>£    |
|--|-------|-----------------------|----------------------------------|---------------|
| Balance at 1 July 2017                             |       | 20,000                | 747,794,458                      | 747,814,458   |
| Year ended 30 June 2018:                           |       |                       |                                  |               |
| Profit and total comprehensive income for the year |       |                       | 163,941,298                      | 163,941,298   |
| Balance at 30 June 2018                            |       | 20,000                | 911,735,756                      | 911,755,756   |
| Year ended 30 June 2019:                           |       |                       |                                  |               |
| Profit and total comprehensive income for the year |       |                       | 184,436,451                      | 184,436,451   |
| Dividends  | 11    | -                     | (10,000,000)                     | (10,000,000)  |
| Balance at 30 June 2019                            |       | 20,000                | 1,086,172,207                    | 1,086,192,207 |

# T. J. MORRIS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

|  | Notes | 2019<br>£            | £ | 2018<br>£            | £ |
|--|-------|----------------------|---|----------------------|---|
| <b>Cash flows from operating activities</b>      |       |                      |   |                      |   |
| Cash generated from operations                   | 30    | 249,436,477          |   | 245,098,797          |   |
| Interest paid                                    |       | (37,296)             |   | (112)                |   |
| Income taxes paid                                |       | (49,763,979)         |   | (35,678,554)         |   |
| <b>Net cash inflow from operating activities</b> |       | <b>199,635,202</b>   |   | <b>209,420,131</b>   |   |
| <b>Investing activities</b>                      |       |                      |   |                      |   |
| Purchase of tangible fixed assets                |       | (117,674,437)        |   | (103,553,194)        |   |
| Proceeds on disposal of tangible fixed assets    |       | 107,217              |   | 406,763              |   |
| Proceeds on disposal of subsidiaries             |       | (353)                |   | -                    |   |
| Loans repaid                                     |       | 1,392,229            |   | (2,485,137)          |   |
| Interest received                                |       | 2,444,829            |   | 1,512,059            |   |
| <b>Net cash used in investing activities</b>     |       | <b>(113,730,515)</b> |   | <b>(104,119,509)</b> |   |
| <b>Financing activities</b>                      |       |                      |   |                      |   |
| Dividends paid                                   |       | (10,000,000)         |   | -                    |   |
| <b>Net cash used in financing activities</b>     |       | <b>(10,000,000)</b>  |   | <b>-</b>             |   |
| <b>Net increase in cash and cash equivalents</b> |       | <b>75,904,687</b>    |   | <b>105,300,622</b>   |   |
| Cash and cash equivalents at beginning of year   |       | 143,127,892          |   | 37,827,270           |   |
| <b>Cash and cash equivalents at end of year</b>  |       | <b>219,032,579</b>   |   | <b>143,127,892</b>   |   |

# **T. J. MORRIS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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### **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 its subsidiary companies, Axis Business Park Liverpool Management Company Limited, Legacy 500 Limited, Mere Hall Farm Limited and T.J. Morris Technologies Limited, are 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.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

#### **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 2019**

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### **1 Accounting policies**

**(Continued)**

#### **1.5 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### **1.6 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.

#### **1.7 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.

#### **1.8 Cash and cash equivalents**

Cash and cash equivalents 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.

# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 1 Accounting policies

(Continued)

#### 1.9 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.

##### **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 2019

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans 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**

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.

### 1.10 Equity instruments

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

### 1.11 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 2019**

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### **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.

#### **1.12 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.

#### **1.13 Retirement benefits**

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

#### **1.14 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 profit or loss 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 leases asset are consumed.

#### **1.15 Website development**

Website development costs are written off as they are incurred.

### **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.

# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 3 Turnover and other revenue

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

|   | 2019<br>£     | 2018<br>£     |
|---|---------------|---------------|
| <b>Turnover analysed by class of business</b>   |               |               |
| Sale of goods                                   | 2,470,617,223 | 2,143,267,097 |
|   |               |               |
|   | 2019<br>£     | 2018<br>£     |
| <b>Other significant revenue</b>                |               |               |
| Rental income                                   | 6,207,543     | 5,091,877     |
| Interest income                                 | 2,444,829     | 1,512,059     |
|   |               |               |
|   | 2019<br>£     | 2018<br>£     |
| <b>Turnover analysed by geographical market</b> |               |               |
| United Kingdom                                  | 2,470,617,223 | 2,143,267,097 |

### 4 Operating profit

|   | 2019<br>£     | 2018<br>£     |
|---|---------------|---------------|
| Operating profit for the year is stated after charging/(crediting): |               |               |
| Depreciation of owned tangible fixed assets                         | 43,995,805    | 42,430,152    |
| Loss/(profit) on disposal of tangible fixed assets                  | 53,054        | (226,265)     |
| Cost of stocks recognised as an expense                             | 1,692,868,102 | 1,466,026,092 |
| Operating lease charges   | 59,177,930    | 54,688,748    |

### 5 Auditor's remuneration

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| Fees payable to the company's auditor and associates: |           |           |
| <b>For audit services</b>                             |           |           |
| Audit of the financial statements of the company      | 80,000    | 70,000    |
|   |           |           |
| <b>For other services</b>                             |           |           |
| Taxation compliance services                          | 22,000    | 27,000    |
| Other taxation services                               | 63,000    | 130,000   |
| All other non-audit services                          | 750       | 5,750     |
|   | 85,750    | 162,750   |

# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 6 Employees

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

|                                    | 2019<br>Number | 2018<br>Number |
|------------------------------------|----------------|----------------|
| Administrative and warehouse staff | 2,120          | 1,864          |
| Retail staff                       | 20,696         | 18,449         |
|                                    | <u>22,816</u>  | <u>20,313</u>  |

Their aggregate remuneration comprised:

|                       | 2019<br>£          | 2018<br>£          |
|-----------------------|--------------------|--------------------|
| Wages and salaries    | 312,630,353        | 262,796,078        |
| Social security costs | 14,231,687         | 11,741,390         |
| Pension costs         | 3,851,814          | 1,819,330          |
|                       | <u>330,713,854</u> | <u>276,356,798</u> |

### 7 Directors' remuneration

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| Remuneration for qualifying services                          | 1,022,625        | 1,418,027        |
| Company pension contributions to defined contribution schemes | 13,181           | 23,005           |
|   | <u>1,035,806</u> | <u>1,441,032</u> |

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

|                                      | 2019<br>£      | 2018<br>£        |
|--------------------------------------|----------------|------------------|
| Remuneration for qualifying services | <u>512,058</u> | <u>1,053,338</u> |

# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 8 Interest receivable and similar income

|                           | 2019<br>£        | 2018<br>£        |
|---------------------------|------------------|------------------|
| <b>Interest income</b>    |                  |                  |
| Interest on bank deposits | 1,008,749        | 296,504          |
| Other interest income     | 1,436,080        | 1,215,555        |
| <b>Total income</b>       | <b>2,444,829</b> | <b>1,512,059</b> |

Investment income includes the following:

|  |           |         |
|--|-----------|---------|
| Interest on financial assets not measured at fair value through profit or loss | 1,008,749 | 296,504 |
|--|-----------|---------|

### 9 Interest payable and similar expenses

|                             | 2019<br>£ | 2018<br>£ |
|-----------------------------|-----------|-----------|
| <b>Other finance costs:</b> |           |           |
| Other interest              | 37,296    | 112       |

### 10 Taxation

|  | 2019<br>£         | 2018<br>£         |
|--|-------------------|-------------------|
| <b>Current tax</b>                                   |                   |                   |
| UK corporation tax on profits for the current period | 47,500,000        | 40,000,000        |
| Adjustments in respect of prior periods              | 1,763,979         | (523,634)         |
| <b>Total current tax</b>                             | <b>49,263,979</b> | <b>39,476,366</b> |
| <b>Deferred tax</b>                                  |                   |                   |
| Origination and reversal of timing differences       | (394,184)         | (717,102)         |
| <b>Total tax charge</b>                              | <b>48,869,795</b> | <b>38,759,264</b> |

# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 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:

|  | 2019<br>£   | 2018<br>£   |
|--|-------------|-------------|
| Profit before taxation   | 233,306,246 | 202,700,562 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 44,328,187  | 38,513,107  |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 266,000     | 285,000     |
| Permanent capital allowances in excess of depreciation   | 187,636     | 104,824     |
| Depreciation on assets not qualifying for tax allowances   | 2,657,377   | 2,588,704   |
| Under/(over) provided in prior years   | 1,763,979   | (523,634)   |
| Origination and reversal of timing differences - capital allowances                                  | (394,184)   | (717,102)   |
| Rounding of tax charge   | 60,800      | (1,491,635) |
| Taxation charge for the year   | 48,869,795  | 38,759,264  |

### 11 Dividends

|              | 2019<br>£  | 2018<br>£ |
|--------------|------------|-----------|
| Interim paid | 10,000,000 | -         |

# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 12 Tangible fixed assets

|                                    | Freehold<br>property | Leasehold<br>property | Plant and<br>machinery | Fixtures,<br>fittings &<br>equipment | Total         |
|------------------------------------|----------------------|-----------------------|------------------------|--------------------------------------|---------------|
|                                    | £                    | £                     | £                      | £                                    | £             |
| <b>Cost</b>                        |                      |                       |                        |                                      |               |
| At 1 July 2018                     | 537,277,818          | 117,051,518           | 147,158,944            | 105,660,386                          | 907,148,666   |
| Additions                          | 81,460,631           | 11,110,668            | 13,868,745             | 11,234,393                           | 117,674,437   |
| Disposals                          | -                    | (401,774)             | (704,970)              | (141,703)                            | (1,248,447)   |
| At 30 June 2019                    | 618,738,449          | 127,760,412           | 160,322,719            | 116,753,076                          | 1,023,574,656 |
| <b>Depreciation and impairment</b> |                      |                       |                        |                                      |               |
| At 1 July 2018                     | 44,029,651           | 77,656,325            | 79,465,327             | 57,812,141                           | 258,963,444   |
| Depreciation charged in the year   | 9,242,978            | 10,871,905            | 15,022,823             | 8,858,099                            | 43,995,805    |
| Eliminated in respect of disposals | -                    | (401,774)             | (573,346)              | (113,056)                            | (1,088,176)   |
| At 30 June 2019                    | 53,272,629           | 88,126,456            | 93,914,804             | 66,557,184                           | 301,871,073   |
| <b>Carrying amount</b>             |                      |                       |                        |                                      |               |
| At 30 June 2019                    | 565,465,820          | 39,633,956            | 66,407,915             | 50,195,892                           | 721,703,583   |
| At 30 June 2018                    | 493,248,166          | 39,395,193            | 67,693,616             | 47,848,245                           | 648,185,220   |

Freehold land and buildings with a carrying amount of £69,721,204 (2018 - £69,679,919) 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.

As part of the acquisition of additional sites and the re-siting of certain stores into larger units, the company has acquired a number of freehold properties over the years.

A number of these property acquisitions have involved the purchase of units which have been either tenanted or partially tenanted.

The vast majority of these acquisitions have been for the furtherance of the company's own business.

During the year ended 30 June 2019, the company received incidental rents in relation to those properties amounting to £5.6m.

The difference between the cost price and the fair value of the element of those properties which could be construed as being of an investment nature is immaterial.

### 13 Fixed asset investments

|                             | Notes | 2019<br>£ | 2018<br>£ |
|-----------------------------|-------|-----------|-----------|
| Investments in subsidiaries | 14    | 353       | -         |

# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 13 Fixed asset investments

(Continued)

#### Movements in fixed asset investments

|                          | Shares in<br>group<br>undertakings<br>£ |
|--------------------------|---|
| <b>Cost or valuation</b> |   |
| At 1 July 2018           | -                                       |
| Additions                | 353                                     |
| At 30 June 2019          | 353                                     |
| <b>Carrying amount</b>   |   |
| At 30 June 2019          | 353                                     |
| At 30 June 2018          | -                                       |

### 14 Subsidiaries

Details of the company's subsidiaries are as follows:

Axis Business Park Liverpool Management Company Limited prepared its most recent accounts to 30 June 2019.

Legacy 500 Limited prepared its most recent accounts to 31 October 2018.

Mere Hall Farm Limited had not commenced trading as at 30 June 2019, and has not yet prepared accounts.

T J Morris Technologies Limited has not yet prepared accounts.

| Name of undertaking   | Registered<br>office | Nature of business      | Class of<br>shares held | % Held |          |
|---|----------------------|-------------------------|-------------------------|--------|----------|
|   |                      |                         |                         | Direct | Indirect |
| Axis Business Park<br>Liverpool Management<br>Company Limited | UK                   | Real estate management  | Ordinary                | 82.00  | -        |
| Legacy 500 Limited  | UK                   | Passenger air transport | Ordinary                | 100.00 | -        |
| Mere Hall Farm Limited  | UK                   | Market gardening        | Ordinary                | 100.00 | -        |
| TJ Morris Technologies<br>Limited                             | UK                   | Software development    | Ordinary                | 80.00  | -        |

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

| Name of undertaking  | Profit/(Loss) | Capital and<br>Reserves |
|--|---------------|-------------------------|
|  | £             | £                       |
| Axis Business Park Liverpool Management<br>Company Limited | -             | 89                      |
| Legacy 500 Limited   | (824,218)     | (824,118)               |



# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 15 Financial instruments

|  | 2019<br>£   | 2018<br>£   |
|--|-------------|-------------|
| Carrying amount of financial assets      | 101,687,741 | 83,434,200  |
| Carrying amount of financial liabilities | 209,511,748 | 188,090,254 |

### 16 Stocks

|                  | 2019<br>£   | 2018<br>£   |
|------------------|-------------|-------------|
| Goods in transit | 18,031,373  | 19,360,983  |
| Goods for resale | 172,804,390 | 158,226,834 |
|                  | 190,835,763 | 177,587,817 |

### 17 Debtors

|   | 2019<br>£   | 2018<br>£   |
|---|-------------|-------------|
| Amounts falling due within one year:          |             |             |
| Trade debtors                                 | 2,313,932   | 2,319,711   |
| Other debtors                                 | 10,451,490  | 9,109,657   |
| Prepayments and accrued income                | 105,069,484 | 88,063,856  |
|   | 117,834,906 | 99,493,224  |
| Amounts falling due after more than one year: |             |             |
| Other debtors                                 | 88,922,319  | 72,004,832  |
| Total debtors                                 | 206,757,225 | 171,498,056 |

Included in other debtors due after more than one year are loans made by the company to related parties totalling £88,922,319 (2018 - £72,004,832). 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.

# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 18 Creditors: amounts falling due within one year

|                                    | 2019<br>£          | 2018<br>£          |
|------------------------------------|--------------------|--------------------|
| Trade creditors                    | 115,404,961        | 98,164,973         |
| Corporation tax                    | 21,500,006         | 22,000,006         |
| Other taxation and social security | 16,683,410         | 13,716,653         |
| Other creditors                    | 16,675,800         | 7,536,320          |
| Accruals and deferred income       | 51,522,768         | 56,112,803         |
|                                    | <u>221,786,945</u> | <u>197,530,755</u> |

### 19 Creditors: amounts falling due after more than one year

|                              | 2019<br>£         | 2018<br>£         |
|------------------------------|-------------------|-------------------|
| Accruals and deferred income | <u>25,908,219</u> | <u>26,276,158</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 | <u>12,935,179</u> | <u>13,621,055</u> |
|--|-------------------|-------------------|

### 20 Provisions for liabilities

|                          | Notes | 2019<br>£        | 2018<br>£        |
|--------------------------|-------|------------------|------------------|
| Deferred tax liabilities | 21    | <u>4,442,132</u> | <u>4,836,316</u> |

### 21 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<br>2019<br>£ | Liabilities<br>2018<br>£ |
|--------------------------------|--------------------------|--------------------------|
| Balances:                      |                          |                          |
| Accelerated capital allowances | <u>4,442,132</u>         | <u>4,836,316</u>         |

# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 21 Deferred taxation (Continued)

|                               | 2019<br>£        |
|-------------------------------|------------------|
| <b>Movements in the year:</b> |                  |
| Liability at 1 July 2018      | 4,836,316        |
| Credit to profit or loss      | (394,184)        |
| Liability at 30 June 2019     | <u>4,442,132</u> |

### 22 Retirement benefit schemes

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| <b>Defined contribution schemes</b>                                 |                  |                  |
| Charge to profit or loss in respect of defined contribution schemes | <u>3,851,814</u> | <u>1,819,330</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.

### 23 Share capital

|                                   | 2019<br>£     | 2018<br>£     |
|-----------------------------------|---------------|---------------|
| <b>Ordinary share capital</b>     |               |               |
| <b>Issued and fully paid</b>      |               |               |
| 20,000 Ordinary shares of £1 each | <u>20,000</u> | <u>20,000</u> |
|                                   | <u>20,000</u> | <u>20,000</u> |

### 24 Financial commitments, guarantees and contingent liabilities

The company's bankers had issued letters of credit to foreign suppliers in the sum of £222,073 at 30 June 2019 which would not be released to the suppliers' bank accounts until after the year end.

### 25 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:

|                            | 2019<br>£          | 2018<br>£          |
|----------------------------|--------------------|--------------------|
| Within one year            | 51,157,143         | 48,598,118         |
| Between two and five years | 187,030,949        | 176,054,094        |
| In over five years         | 219,726,461        | 219,535,283        |
|                            | <u>457,914,553</u> | <u>444,187,495</u> |

# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 26 Capital commitments

Amounts contracted for but not provided in the financial statements:

|                                      | 2019<br>£  | 2018<br>£  |
|--------------------------------------|------------|------------|
| Acquisition of tangible fixed assets | 15,878,242 | 17,625,611 |

### 27 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

|                        | 2019<br>£ | 2018<br>£ |
|------------------------|-----------|-----------|
| Aggregate compensation | 1,022,625 | 1,418,027 |

#### Transactions with related parties

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

|  | Sale of goods |           | Purchase of goods and services |           |
|--|---------------|-----------|--------------------------------|-----------|
|  | 2019<br>£     | 2018<br>£ | 2019<br>£                      | 2018<br>£ |
| Entities over which the entity has control, joint control or significant influence | -             | -         | 712,607                        | 368,261   |
| Other related parties  | 310,883       | -         | 221,606                        | 203,565   |

|  | Interest received |           | Rent paid |           |
|--|-------------------|-----------|-----------|-----------|
|  | 2019<br>£         | 2018<br>£ | 2019<br>£ | 2018<br>£ |
| Entities over which the entity has control, joint control or significant influence | 1,422,923         | 1,196,535 | 285,000   | 322,500   |
| Other related parties  | 12,504            | 862       | -         | -         |

The following amounts were outstanding at the reporting end date:

|  | 2019<br>£ | 2018<br>£ |
|--|-----------|-----------|
| <b>Amounts owed to related parties</b> |           |           |
| Other related parties                  | 40,564    | -         |

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

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019**

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#### **27 Related party transactions**

**(Continued)**

The following amounts were outstanding at the reporting end date:

|  | <b>2019<br/>Balance<br/>£</b> |
|--|-------------------------------|
| <b>Amounts owed by related parties</b>   |                               |
| Entities over which the entity has control, joint control or significant influence | 87,868,877                    |
|  | <hr/>                         |
|  | <b>2018<br/>Balance<br/>£</b> |
| <b>Amounts owed in previous period</b>   |                               |
| Entities over which the entity has control, joint control or significant influence | 71,726,859                    |
| Other related parties  | 1,030                         |
|  | <hr/>                         |

Amounts owed by related parties (entities over which the entity has control, joint control or significant influence) include balances totalling £62,484,822 which have been personally guaranteed by Mr T J Morris, director.

#### **28 Directors' transactions**

At 1 July 2018 the loan account of Mr T J Morris was overdrawn by £2,485,137. During the year the company made further advances to Mr T J Morris totalling £8,107,771, and a total of £9,500,000 was repaid. At 30 June 2019 the loan account of Mr T J Morris was overdrawn by £1,092,908.

#### **29 Controlling party**

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

# T. J. MORRIS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

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### 30 Cash generated from operations

|  | 2019<br>£          | 2018<br>£          |
|--|--------------------|--------------------|
| Profit for the year after tax                        | 184,436,451        | 163,941,298        |
| <b>Adjustments for:</b>                              |                    |                    |
| Taxation charged                                     | 48,869,795         | 38,759,264         |
| Finance costs  | 37,296             | 112                |
| Investment income                                    | (2,444,829)        | (1,512,059)        |
| Loss/(gain) on disposal of tangible fixed assets     | 53,054             | (226,265)          |
| Depreciation and impairment of tangible fixed assets | 43,995,805         | 42,430,152         |
| <b>Movements in working capital:</b>                 |                    |                    |
| (Increase)/decrease in stocks                        | (13,247,946)       | 4,147,977          |
| (Increase) in debtors                                | (36,651,400)       | (32,952,369)       |
| Increase in creditors                                | 24,388,251         | 30,510,687         |
| <b>Cash generated from operations</b>                | <u>249,436,477</u> | <u>245,098,797</u> |