

Registered number: 06816610

JOHN MORRIS HOLDINGS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



WR
Whittingham Riddell
chartered accountants

JOHN MORRIS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D J Morris H M Morris (resigned 31 May 2018) J M O Morris T P L Morris (resigned 8 September 2017) C J Stephens (resigned 31 October 2018)
Registered number	06816610
Registered office	Madoc Works Henfaes Lane Welshpool Powys SY21 7BE
Independent auditors	Whittingham Riddell LLP Chartered Accountants & Statutory Auditors Hafren House 5 St Giles Business Park Newtown Powys SY16 3AJ

JOHN MORRIS HOLDINGS LIMITED

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JOHN MORRIS HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The Directors present their Strategic Report to the financial statements for the year ended 31 December 2018.

Business review

During 2018 the Group was subject to significant raw material increases due to currency movements during the year. These increases were offset to some extent by the Group's export sales. The Group's strong financial position has been key in its ability to withstand the currency movements during the year and being able to delay passing on the effects of increasing prices to its customers.

The Group continues to expand into new markets and increase its share of traditional markets, and to develop new products and make significant investments in the latest equipment and new sales channels which will contribute towards growth of sales and minimise any reliance on a single customer, group of customers or particular market segment.

Increased efficiencies in operations and product differentiation will help improve operating margins but these margins are continually under pressure from rising raw material prices and currency fluctuations. Pricing actions have been taken in all market segments to address this.

The Group also continues to fund its closed defined benefit pension scheme at a level which will eliminate any deficit or surplus over an agreed period. This deficit or surplus is recognised in the Group's Balance Sheet and is subject to the volatility inherent in the accounting valuation from year to year

Principal risks and uncertainties

The risks facing the Group are constantly monitored and assessed.

The Group's business activities, financial condition and trading results could be affected by any or all of the following risks and uncertainties:

General business conditions and economy

The Directors are of the opinion that the principal risks facing the Group relate to the wider economic conditions which influence raw material cost, pricing and the demand for its products.

The Group seeks to manage these risks by maintaining an appropriate spread of market segments, product range, supplier base and production systems.

Information Systems

The Group is reliant upon a number of business systems which, if disrupted for any length of time due to damage or interruption from loss of power, failure of telecommunications, sabotage or vandalism could have an adverse effect on the efficient running of the Group's business. As part of its Business Continuity Plan the Group has put in place a number of contingency plans, utilising the Group's multi-site set up, to ensure that such system failures could not adversely affect the efficient running of the Group's business.

JOHN MORRIS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Health and safety

In common with all manufacturing businesses the factory environment exposes the Group to health and safety risk. The Directors take the health and safety of its employees and any third party on its sites very seriously and are mindful of health and safety regulatory compliance. Consequently they have in place stringent policies and procedures which are appropriately communicated and monitored by a designated Health and Safety Officer. The Directors are proud of the Group's excellent health and safety record.

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effects of credit risk, currency risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Group.

Credit risk

The Group operates procedures that require appropriate credit checks on potential customers before sales are made. Credit insurance is taken out on all debtors, where available, with Euler Hermes and credit limits are set in accordance with that insurance. The amount of exposure to any uninsured individual counterparty is also subject to an appropriate limit, which is reassessed on an ongoing basis.

Currency risk

The Group's principal currency exposures are to the Euro and US Dollar. The Group has a natural hedge for the majority of its currency risk as it has significant sales and purchases in both currencies. There is a slight imbalance in the natural hedge for the Euro and this is managed through other hedging techniques such as, but not limited to, forward foreign exchange contracts. The Group continues to monitor potential exposures and risks, and consider effective risk management solutions.

Liquidity risk

Liquidity risk relates to the Group having sufficient financial resources to pay for the goods and services required to operate.

The Directors are confident that the banking and financing facilities currently in place, together with the strong cash balances held, are more than adequate for the Group's working capital requirements and that the Group has sufficient available funds for operations, planned expansions and any other opportunity that may arise.

Interest rate risk

The Group maintains a mix of fixed and variable rate borrowing, all of which are linked to Bank of England Base Rate. The Directors are of the opinion that the Group benefits from competitive interest rates, in comparison to industry averages, by virtue of its strong balance sheet and profitability. The proportions of fixed and variable rate borrowings and any hedging requirement are constantly reviewed in the light of current and anticipated Money Market movements.

JOHN MORRIS HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Financial key performance indicators

The Balance Sheet of the business remains strong and profits have remained strong over the period. The Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement and associated notes (as detailed on the following pages) adequately show the development, performance and position of the Group over the course of the year ending 31 December 2018. In the opinion of the Directors there are no Key Performance Indicators whose disclosure is necessary to add to an understanding of these financial results.

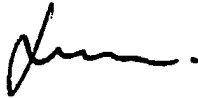
Other key performance indicators

The Group also uses a suite of non financial KPI's to monitor and measure success on a weekly basis which cover the whole business operating spectrum reflecting the changing needs of the business.

The Group has a policy to protect the environment wherever it operates or sources materials with KPI's being used to measure the proportion of timber purchased from forests that are well managed environmentally according to the Forest Stewardship Council (FSC) Standards.

In addition other non financial areas of the business such as customer service, staff productivity and wellbeing indicators considered key to the business are also monitored using KPI's.

This report was approved by the board on 27 September 2019 and signed on its behalf.



.....
J M O Morris
Director

JOHN MORRIS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The Directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £1,736,889 (2017 - £1,232,691).

During the year, dividends of £345,281 were paid (2017: £287,000).

Directors

The Directors who served during the year were:

D J Morris
H M Morris (resigned 31 May 2018)
J M O Morris
T P L Morris (resigned 8 September 2017)
C J Stephens (resigned 31 October 2018)

Future developments

Overall 2018 has been a satisfactory year and the Directors' projections for 2019 suggest that 2019 will show a moderate improvement on 2018 with further growth predicted.

JOHN MORRIS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Whittingham Riddell LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
J M O Morris
Director

Date: 27 September 2019

JOHN MORRIS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHN MORRIS HOLDINGS LIMITED

Opinion

We have audited the financial statements of John Morris Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Income statement, the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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 Auditors' 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

JOHN MORRIS HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHN MORRIS HOLDINGS LIMITED
(CONTINUED)**

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

JOHN MORRIS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHN MORRIS HOLDINGS LIMITED
(CONTINUED)

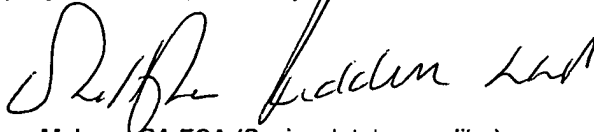
Auditors' responsibilities for the audit of the financial statements

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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of
Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Hafren House
5 St Giles Business Park
Newtown
Powys
SY16 3AJ

30 September 2019

JOHN MORRIS HOLDINGS LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover			
Group and share of joint ventures' turnover		31,103,509	28,876,302
Less: share of joint ventures' turnover		(1,881,859)	(1,689,580)
Group turnover		29,221,650	27,186,722
Cost of sales		(21,065,207)	(20,091,822)
Gross profit		8,156,443	7,094,900
Distribution costs		(2,597,805)	(2,440,365)
Administrative expenses		(3,537,416)	(3,277,860)
Other operating income	5	71,346	109,500
Operating profit	6	2,092,568	1,486,175
Share of profit of joint ventures		79,133	82,161
Total operating profit		2,171,701	1,568,336
Income from other fixed asset investments		20,917	20,139
Interest receivable and similar income	11	1,771	4,369
Interest payable and similar expenses	12	(151,061)	(121,911)
Other finance costs		(73,000)	(113,000)
Profit before tax		1,970,328	1,357,933
Tax on profit	14	(308,261)	(267,433)
Profit for the financial year		1,662,067	1,090,500
Profit for the year attributable to:			
Non-controlling interests		(74,822)	(142,191)
Owners of the parent		1,736,889	1,232,691
		1,662,067	1,090,500

The notes on pages 21 to 46 form part of these financial statements.

JOHN MORRIS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Profit for the financial year		1,662,067	1,090,500
Other comprehensive income			
Currency translation differences		(105,859)	27,250
Actuarial (loss)/gain on defined benefit schemes		(505,000)	1,219,000
Movement on deferred tax relating to pension gains/(losses)		47,260	(239,020)
Other comprehensive income for the year		(563,599)	1,007,230
Total comprehensive income for the year		1,098,468	2,097,730
Profit for the year attributable to:			
Non-controlling interest		(74,822)	(142,191)
Owners of the parent Company		1,736,889	1,232,691
		1,662,067	1,090,500

The notes on pages 21 to 46 form part of these financial statements.

JOHN MORRIS HOLDINGS LIMITED
REGISTERED NUMBER: 06816610

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

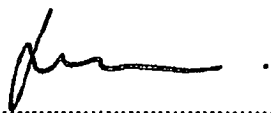
	Note	2018 £	As restated 2017 £
Fixed assets			
Tangible assets	16	7,626,293	7,562,147
Investments	17	725,591	682,520
		<u>8,351,884</u>	<u>8,244,667</u>
Current assets			
Stocks	19	3,359,306	2,872,450
Debtors: amounts falling due within one year	20	6,672,930	6,392,575
Cash at bank and in hand	21	1,176,326	1,758,874
		<u>11,208,562</u>	<u>11,023,899</u>
Creditors: amounts falling due within one year	22	(6,008,142)	(6,077,474)
Net current assets		<u>5,200,420</u>	<u>4,946,425</u>
Total assets less current liabilities		<u>13,552,304</u>	<u>13,191,092</u>
Creditors: amounts falling due after more than one year	23	(3,359,527)	(5,102,014)
Provisions for liabilities			
Deferred taxation	26	(329,251)	(256,739)
		<u>(329,251)</u>	<u>(256,739)</u>
Net assets excluding pension liability		<u>9,863,526</u>	<u>7,832,339</u>
Pension liability		(3,066,000)	(2,788,000)
Net assets		<u><u>6,797,526</u></u>	<u><u>5,044,339</u></u>

JOHN MORRIS HOLDINGS LIMITED
REGISTERED NUMBER: 06816610

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital	27	1,007,500	7,500
Capital redemption reserve	28	7,500	7,500
Pension benefit reserve	28	(3,326,780)	(2,869,040)
Merger reserve	28	2,124,619	2,124,619
Profit and loss account	28	7,157,366	5,871,617
Equity attributable to owners of the parent Company		<u>6,970,205</u>	<u>5,142,196</u>
Non-controlling interests		(172,679)	(97,857)
		<u><u>6,797,526</u></u>	<u><u>5,044,339</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2019.



J M O Morris
 Director

The notes on pages 21 to 46 form part of these financial statements.

JOHN MORRIS HOLDINGS LIMITED
REGISTERED NUMBER: 06816610

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

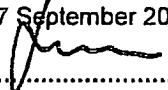
	Note	2018 £	2017 £
Fixed assets			
Tangible assets	16	3,199,942	60,285
Investments	17	6,539,619	6,539,619
Investment property	18	-	3,139,657
		<u>9,739,561</u>	<u>9,739,561</u>
Current assets			
Debtors: amounts falling due within one year	20	35,000	244,437
Cash at bank and in hand	21	64,758	30,725
		<u>99,758</u>	<u>275,162</u>
Creditors: amounts falling due within one year	22	(1,115,710)	(722,172)
Net current liabilities		<u>(1,015,952)</u>	<u>(447,010)</u>
Total assets less current liabilities		<u>8,723,609</u>	<u>9,292,551</u>
Creditors: amounts falling due after more than one year	23	(2,893,463)	(4,537,811)
Provisions for liabilities			
Deferred taxation	26	(3,606)	(2,488)
		<u>(3,606)</u>	<u>(2,488)</u>
Net assets		<u><u>5,826,540</u></u>	<u><u>4,752,252</u></u>

JOHN MORRIS HOLDINGS LIMITED
REGISTERED NUMBER: 06816610

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

	Note	31 December 2018 £	31 December 2017 £
Capital and reserves			
Called up share capital	27	1,007,500	7,500
Capital redemption reserve	28	7,500	7,500
Merger reserve	28	2,124,619	2,124,619
Profit and loss account	28	2,686,921	2,612,633
		<u>5,826,540</u>	<u>4,752,252</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2019.


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J M O Morris
Director

JOHN MORRIS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Capital redemption reserve	Pension benefit reserve	Merger reserve	Profit and loss account	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 January 2018	7,500	7,500	(2,869,040)	2,124,619	5,871,617	(97,857)	5,044,339
Profit for the year	-	-	-	-	1,736,889	-	1,736,889
Currency translation differences	-	-	-	-	(105,859)	-	(105,859)
Actuarial loss related to pension scheme net of deferred tax attributable	-	-	-	-	(457,740)	-	(457,740)
Transfer of actuarial loss on pension scheme from Profit and Loss Account to Pension Benefit Reserve	-	-	-	-	457,740	-	457,740
	-	-	(457,740)	-	-	(74,822)	(532,562)
Total comprehensive income for the year	-	-	(457,740)	-	1,631,030	(74,822)	1,098,468
Dividends: Equity capital	-	-	-	-	(345,281)	-	(345,281)
Shares issued during the year	1,000,000	-	-	-	-	-	1,000,000
At 31 December 2018	1,007,500	7,500	(3,326,780)	2,124,619	7,157,366	(172,679)	6,797,526

The notes on pages 21 to 46 form part of these financial statements.

JOHN MORRIS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Capital redemption reserve	Pension benefit reserve	Merger reserve	Profit and loss account	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 January 2017	15,000	-	(3,849,020)	2,124,619	8,708,676	44,334	7,043,609
Profit for the year	-	-	-	-	1,232,691	-	1,232,691
Currency translation differences	-	-	-	-	27,250	-	27,250
Actuarial loss related to pension scheme net of deferred tax attributable	-	-	-	-	979,980	-	979,980
Transfer of actuarial gain on pension scheme from Profit and Loss Account to Pension Benefit Reserve	-	-	-	-	(979,980)	-	(979,980)
	-	-	979,980	-	-	(142,191)	837,789
Total comprehensive income for the year	-	-	979,980	-	1,259,941	(142,191)	2,097,730
Dividends: Equity capital	-	-	-	-	(287,000)	-	(287,000)
Purchase of own shares	-	7,500	-	-	(3,810,000)	-	(3,802,500)
Shares redeemed during the year	(7,500)	-	-	-	-	-	(7,500)
At 31 December 2017	7,500	7,500	(2,869,040)	2,124,619	5,871,617	(97,857)	5,044,339

The notes on pages 21 to 46 form part of these financial statements.

JOHN MORRIS HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital (as restated)	Capital redemption reserve	Merger reserve	Profit and loss account	Total equity (as restated)
	£	£	£	£	£
At 1 January 2017	15,000	-	2,124,619	5,429,179	7,568,798
Profit for the year	-	-	-	1,280,454	1,280,454
Dividends: Equity capital	-	-	-	(287,000)	(287,000)
Purchase of own shares	-	7,500	-	(3,810,000)	(3,802,500)
Shares redeemed during the year	(7,500)	-	-	-	(7,500)
At 1 January 2018	7,500	7,500	2,124,619	2,612,633	4,752,252
Profit for the year	-	-	-	419,569	419,569
Dividends: Equity capital	-	-	-	(345,281)	(345,281)
Shares issued during the year	1,000,000	-	-	-	1,000,000
At 31 December 2018	1,007,500	7,500	2,124,619	2,686,921	5,826,540

The notes on pages 21 to 46 form part of these financial statements.

JOHN MORRIS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	1,662,067	1,090,500
Adjustments for:		
Depreciation of tangible assets	255,082	247,080
Loss on disposal of tangible assets	-	180
Government grants	(55,980)	(100,000)
Interest paid	159,274	121,911
Increase in net pension assets/liabs	73,000	113,000
Interest received and investment income	(22,688)	(24,508)
Taxation charge	308,261	267,433
(Increase)/decrease in stocks	(486,856)	588,806
(Increase) in debtors	(187,720)	(855,831)
(Increase)/decrease in amounts owed by joint ventures	(45,375)	18,305
(Decrease)/increase in creditors	(812,479)	520,734
Share of operating (profit) in joint ventures	(79,133)	(82,161)
Corporation tax received/(paid)	16,711	(467,092)
Net cash generated from operating activities	784,164	1,438,357
Cash flows from investing activities		
Purchase of tangible fixed assets	(319,229)	(81,206)
Sale of tangible fixed assets	-	(180)
Government grants received	55,980	100,000
Interest received	1,085	1,114
Joint ventures interest received	686	3,255
Dividends received	20,917	20,139
Net cash from investing activities	(240,561)	43,122

JOHN MORRIS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from financing activities		
Redemption of share capital	-	(2,250,000)
New secured loans	350,000	1,500,000
Repayment of loans	(377,304)	(213,483)
Repayment of other loans	(520,000)	-
Repayment of/new finance leases	(82,505)	(164,979)
Dividends paid	(345,281)	(287,000)
Interest paid	(151,061)	(112,585)
Net cash used in financing activities	<u>(1,126,151)</u>	<u>(1,528,047)</u>
Net (decrease) in cash and cash equivalents	<u>(582,548)</u>	<u>(46,568)</u>
Cash and cash equivalents at beginning of year	1,758,874	1,805,442
Cash and cash equivalents at the end of year	<u><u>1,176,326</u></u>	<u><u>1,758,874</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,176,326	1,758,874
	<u><u>1,176,326</u></u>	<u><u>1,758,874</u></u>

The notes on pages 21 to 46 form part of these financial statements.

JOHN MORRIS HOLDINGS LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2018

	At 1 January 2018 £	Cash flows £	Other non- cash changes £	At 31 December 2018 £
Cash at bank and in hand	1,758,874	(582,548)	-	1,176,326
Debt due after 1 year	(4,999,716)	-	1,742,877	(3,256,839)
Debt due within 1 year	(765,452)	-	(195,573)	(961,025)
Finance leases	(166,781)	-	82,505	(84,276)
	<u>(4,173,075)</u>	<u>(582,548)</u>	<u>1,629,809</u>	<u>(3,125,814)</u>

The notes on pages 21 to 46 form part of these financial statements.

JOHN MORRIS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

The principal activities of the Group are that of the manufacture and sale of wallcoverings, laminated boards and profiles. The parent Company operates in England and Wales and is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Madoc Works, Henfaes Lane, Welshpool, Powys, SY21 7BE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Group has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated income statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated income statement in the same period as the related expenditure.

2.5 Interest income

Interest income is recognised in the Consolidated income statement using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Consolidated income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in the Consolidated income statement in the year in which they are incurred.

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 4% straight line
Plant and machinery	- 15% reducing balance
Motor vehicles	- 25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated income statement.

No further depreciation is being provided on Freehold Property on the basis that the net book value is equal to the residual value of the asset.

2.11 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated income statement.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.13 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated income statement includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated income statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.19 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.19 Financial instruments (continued)

derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the Directors there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4. Turnover

The whole of the turnover is attributable to the manufacture and sale of wallcoverings, laminated boards and profiles.

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	24,948,272	22,905,495
Rest of the world	4,273,378	4,281,227
	<u>29,221,650</u>	<u>27,186,722</u>

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5. Other operating income

	2018 £	2017 £
Other operating income	5,866	-
Net rents receivable	9,500	9,500
Government grants receivable	55,980	100,000
	<u>71,346</u>	<u>109,500</u>

6. Operating profit

The operating profit is stated after charging (crediting):

	2018 £	2017 £
Exchange differences	<u>(2,764)</u>	<u>77,247</u>

7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<u>15,875</u>	<u>15,875</u>

JOHN MORRIS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	5,504,973	5,287,040	-	21,680
Social security costs	451,888	420,730	-	-
Cost of defined contribution scheme	206,923	101,782	-	-
	<u>6,163,784</u>	<u>5,809,552</u>	<u>-</u>	<u>21,680</u>

The average monthly number of employees, including the Directors, during the year was as follows:

2018 No.	2017 No.
<u>217</u>	<u>219</u>

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	347,588	169,290
Company contributions to defined contribution pension schemes	66,807	12,911
	<u>414,395</u>	<u>182,201</u>

During the year retirement benefits were accruing to 1 Director (2017 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £143,033 (2017 - £98,270).

JOHN MORRIS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Income from investments

	2018 £	2017 £
Dividends received from unlisted investments	20,917	20,139
	<u>20,917</u>	<u>20,139</u>

11. Interest receivable

	2018 £	2017 £
Share of joint ventures' interest receivable	686	3,255
Other interest receivable	1,085	1,114
	<u>1,771</u>	<u>4,369</u>

12. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	25,942	46,809
Other loan interest payable	74,076	28,546
Share of joint ventures	8,213	9,325
Other interest payable	42,830	37,231
	<u>151,061</u>	<u>121,911</u>

13. Other finance costs

	2018 £	2017 £
Other finance costs	(73,000)	(113,000)
	<u>(73,000)</u>	<u>(113,000)</u>

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	317,735	261,519
Adjustments in respect of previous periods	(100,888)	(25,010)
	<u>216,847</u>	<u>236,509</u>
Foreign tax		
Foreign tax on income for the year	17,946	23,250
	<u>17,946</u>	<u>23,250</u>
Total current tax	<u>234,793</u>	<u>259,759</u>
Deferred tax		
Origination and reversal of timing differences	73,468	7,674
Total deferred tax	<u>73,468</u>	<u>7,674</u>
Taxation on profit on ordinary activities	<u>308,261</u>	<u>267,433</u>

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,970,328	1,699,390
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	374,362	327,133
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	431	2,974
Adjustments to tax charge in respect of prior periods	(101,273)	(25,010)
Other differences leading to an increase (decrease) in the tax charge	34,741	(37,664)
Total tax charge for the year	308,261	267,433

Factors that may affect future tax charges

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate at 19% (effective 1 April 2017) and 18% (effective 1 April 2020). At Budget 2016, the government announced a further reduction to the Corporation Tax main rate to 17% (effective 1 April 2020) and this rate was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Dividends

	2018 £	2017 £
Ordinary	345,281	287,000
	<u>345,281</u>	<u>287,000</u>

16. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2018	5,787,983	3,111,921	60,029	8,959,933
Additions	-	310,247	8,982	319,229
At 31 December 2018	<u>5,787,983</u>	<u>3,422,168</u>	<u>69,011</u>	<u>9,279,162</u>
Depreciation				
At 1 January 2018	6,274	1,347,819	43,693	1,397,786
Charge for the year on owned assets	-	203,197	3,993	207,190
Charge for the year on financed assets	-	47,892	-	47,892
At 31 December 2018	<u>6,274</u>	<u>1,598,908</u>	<u>47,686</u>	<u>1,652,868</u>
Net book value				
At 31 December 2018	<u>5,781,709</u>	<u>1,823,260</u>	<u>21,325</u>	<u>7,626,294</u>
At 31 December 2017	<u>5,781,709</u>	<u>1,764,102</u>	<u>16,336</u>	<u>7,562,147</u>

JOHN MORRIS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	216,626	383,709
	<u>216,626</u>	<u>383,709</u>

Company

	Freehold property £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2018	-	101,420	101,420
Transfer from investment property	3,139,657	-	3,139,657
At 31 December 2018	<u>3,139,657</u>	<u>101,420</u>	<u>3,241,077</u>
Depreciation			
At 1 January 2018	-	41,135	41,135
At 31 December 2018	<u>-</u>	<u>41,135</u>	<u>41,135</u>
Net book value			
At 31 December 2018	<u>3,139,657</u>	<u>60,285</u>	<u>3,199,942</u>
At 31 December 2017	<u>-</u>	<u>60,285</u>	<u>60,285</u>

The carrying amount of investment property, which the Company rents to another group entity when it has chosen to account for such properties using the cost model is £3,139,657 (2017 - £3,139,657)

JOHN MORRIS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. Fixed asset investments

Group

	Investment in joint ventures £
Cost or valuation	
At 1 January 2018	682,520
Foreign exchange movement	(10,589)
Share of profit/(loss)	53,660
At 31 December 2018	<u>725,591</u>

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	6,539,619
At 31 December 2018	<u>6,539,619</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Newmor Group Limited	Ordinary	100%
Designsingle Limited	Ordinary	100%
Morland Profiles Limited	Ordinary	100%
Newmor Limited	Ordinary	100%
Newmor Wallcoverings LLC	Ordinary	49%

JOHN MORRIS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Newmor Group Limited	6,128,179	1,554,048
Designsingle Limited	498,154	-
Morland Profiles Limited	1	-
Newmor Limited	1	-
Newmor Wallcoverings LLC	(146,709)	(277,039)

18. Investment property

Company

	Freehold investment property £
At 1 January 2018	3,139,657
Transfer to tangible fixed assets	(3,139,657)
At 31 December 2018	-

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

19. Stocks

	Group 2018 £	Group 2017 £
Raw materials and consumables	2,793,383	2,378,431
Work in progress	33,687	46,318
Finished goods and goods for resale	532,236	447,701
	<u>3,359,306</u>	<u>2,872,450</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

20. Debtors

	Group 2018 £	Group As restated 2017 £	Company 2018 £	Company As restated 2017 £
Trade debtors	5,851,136	5,743,301	-	-
Amounts owed by group undertakings	-	-	-	221,277
Amounts owed by joint ventures and associated undertakings	108,293	62,918	-	-
Other debtors	192,281	112,396	35,000	23,160
Deferred taxation	521,220	473,960	-	-
	<u>6,672,930</u>	<u>6,392,575</u>	<u>35,000</u>	<u>244,437</u>

21. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	1,176,326	1,758,874	64,758	30,725
	<u>1,176,326</u>	<u>1,758,874</u>	<u>64,758</u>	<u>30,725</u>

JOHN MORRIS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

22. Creditors: Amounts falling due within one year

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Bank loans	441,025	245,452	343,055	149,092
Trade creditors	3,356,969	3,383,895	-	-
Amounts owed to group undertakings	-	-	153,777	-
Corporation tax	453,210	220,414	96,869	50,979
Other taxation and social security	590,385	853,376	-	-
Obligations under finance lease and hire purchase contracts	38,315	77,499	-	-
Other creditors	544,329	540,268	520,000	520,000
Accruals and deferred income	583,909	756,570	2,009	2,100
	<u>6,008,142</u>	<u>6,077,474</u>	<u>1,115,710</u>	<u>722,171</u>

The following liabilities were secured:

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Bank loans	441,025	245,452	343,055	149,092
Obligations under finance lease and hire purchase contracts	38,315	77,499	-	-
	<u>479,340</u>	<u>322,951</u>	<u>343,055</u>	<u>149,092</u>

Details of security provided:

Bank loans are secured by a first legal charge over specific freehold properties held by the Group.

Net obligations under finance lease and hire purchase contracts are secured upon the assets to which they relate.

JOHN MORRIS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

23. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	2,736,839	2,959,716	2,373,463	2,497,811
Other loans	520,000	1,040,000	520,000	1,040,000
Net obligations under finance leases and hire purchase contracts	45,961	89,281	-	-
Other creditors	56,727	13,018	-	-
Share capital treated as debt	-	1,000,000	-	1,000,000
	<u>3,359,527</u>	<u>5,102,015</u>	<u>2,893,463</u>	<u>4,537,811</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 27.

The following liabilities were secured:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	2,736,839	2,959,716	2,373,463	2,497,811
Net obligations under finance leases and hire purchase contracts	45,961	89,281	-	-
	<u>2,782,800</u>	<u>3,048,997</u>	<u>2,373,463</u>	<u>2,497,811</u>

Details of security provided:

Bank loans are secured by a first legal charge over specific freehold properties held by the Group.

Net obligations under finance lease and hire purchase contracts are secured upon the assets to which they relate.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	Group 2018 £	Group 2017 £
Repayable by instalments	1,230,307	1,872,821
	<u>1,230,307</u>	<u>1,872,821</u>

JOHN MORRIS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Loans

Analysis of the maturity of loans is given below:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts falling due within one year				
Bank loans	441,025	245,452	343,055	149,092
	<u>441,025</u>	<u>245,452</u>	<u>343,055</u>	<u>149,092</u>
Amounts falling due 1-2 years				
Bank loans	501,385	250,299	401,778	152,329
Other loans	520,000	520,000	520,000	520,000
	<u>1,021,385</u>	<u>770,299</u>	<u>921,778</u>	<u>672,329</u>
Amounts falling due 2-5 years				
Bank loans	1,005,147	836,596	741,378	472,661
Other loans	-	520,000	-	520,000
	<u>1,005,147</u>	<u>1,356,596</u>	<u>741,378</u>	<u>992,661</u>
Amounts falling due after more than 5 years				
Bank loans	1,230,307	1,872,821	1,230,307	1,872,821
	<u>1,230,307</u>	<u>1,872,821</u>	<u>1,230,307</u>	<u>1,872,821</u>
	<u><u>3,697,864</u></u>	<u><u>4,245,168</u></u>	<u><u>3,236,518</u></u>	<u><u>3,686,903</u></u>

25. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	Group 2017 £
Within one year	38,315	77,499
Between 1-5 years	45,961	89,281
	<u>84,276</u>	<u>166,780</u>

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

26. Deferred taxation

Group

	2018 £
At beginning of year	217,221
Charged to profit or loss	(72,512)
Charged to other comprehensive income	47,260
At end of year	<u>191,969</u>

Company

	2018 £
At beginning of year	(2,488)
Charged to profit or loss	(1,118)
At end of year	<u>(3,606)</u>

	Group 2018 £	Group As restated 2017 £	Company 2018 £	Company As restated 2017 £
Accelerated capital allowances	(329,251)	(256,739)	(3,606)	(2,488)
Post employment benefits	521,220	473,960	-	-
	<u>191,969</u>	<u>217,221</u>	<u>(3,606)</u>	<u>(2,488)</u>
Comprising:				
Asset - due within one year	521,220	473,960	-	-
Liability	(329,251)	(256,739)	(3,606)	(2,488)
	<u>191,969</u>	<u>217,221</u>	<u>(3,606)</u>	<u>(2,488)</u>

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

27. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
7,500 (2017 - 7,500) Ordinary shares of £1.00 each	7,500	7,500
499,999 (2017 - 0) Redeemable preference shares of £1.00 each	499,999	-
500,000 (2017 - 0) Redeemable preference A shares of £1.00 each	500,000	-
1 (2017 - 0) Redeemable preference B share of £1.00	1	-
	<hr/>	<hr/>
	1,007,500	7,500
	<hr/>	<hr/>
		2017 £
Shares classified as debt		
Allotted, called up and fully paid		
0 (2017 - 1,000,000) Redeemable preference shares of £1.00 each	-	1,000,000
	<hr/>	<hr/>

During the year the preference shares classed as debt were redeemed and replaced with issued shares with amended rights. These rights have been amended to the effect that these newly issued shares are now classed as equity rather than debt.

28. Reserves

Capital redemption reserve

The capital redemption reserve represents the nominal value of share capital redeemed by the Group

Pension benefit reserve

The pension benefit reserve is used to show cumulative actuarial gains/losses on the defined benefit pension scheme separately from the Group's profit and loss reserve.

Merger Reserve

The merger reserve was created upon the 2009 restructure of the business.

Profit and loss account

The profit and loss account represents accumulated undistributed retained profits since incorporation.

JOHN MORRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

29. Pension commitments

The Group operates a Defined benefit pension scheme.

Reconciliation of present value of plan liabilities:

	2018 £	2017 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	(16,785,000)	(16,970,000)
Interest cost	455,000	469,000
Actuarial gains/losses	535,000	201,000
Benefits paid	1,041,000	453,000
	<u> </u>	<u> </u>
At the end of the year	<u>(15,664,000)</u>	<u>(16,785,000)</u>

Reconciliation of present value of plan assets:

	2018 £	2017 £
At the beginning of the year	13,997,000	12,776,000
Interest income	382,000	356,000
Actuarial gains/losses	(1,040,000)	1,018,000
Contributions	300,000	300,000
Benefits paid	(1,041,000)	(453,000)
	<u> </u>	<u> </u>
At the end of the year	<u>12,598,000</u>	<u>13,997,000</u>

Composition of plan assets:

	2018 £	2017 £
Equities	6,656,000	8,442,000
Bonds	4,652,000	3,784,000
Property	942,000	856,000
Cash	348,000	915,000
	<u> </u>	<u> </u>
Total plan assets	<u>12,598,000</u>	<u>13,997,000</u>

JOHN MORRIS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

29. Pension commitments (continued)

	2018 £	As restated 2017 £
Fair value of plan assets	12,598,000	13,997,000
Present value of plan liabilities	(15,664,000)	(16,785,000)
Net pension scheme liability	(3,066,000)	(2,788,000)

The amounts recognised in profit or loss are as follows:

	2018 £	2017 £
Interest on obligation	(455,000)	(469,000)
Interest income on plan assets	382,000	356,000
Total	(73,000)	(113,000)

The Group expects to contribute £300,000 to its Defined benefit pension scheme in 2019.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2018 %	2017 %
Discount rate	3.0	2.8
Price inflation (RPI)	3.3	3.3
Price inflation (CPI)	2.3	2.3
Mortality rates		
- for a male aged 65 now	21.2	21.1
- at 65 for a male aged 45 now	22.3	22.2
- for a female aged 65 now	23.0	22.9
- at 65 for a female member aged 45 now	24.2	24.1

JOHN MORRIS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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29. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

	2018 £	2017 £	2016 £	2015 £	2014 £
Defined benefit obligation	(15,664,000)	(16,785,000)	(16,970,000)	(15,173,000)	(15,374,000)
Scheme assets	12,598,000	13,997,000	12,776,000	11,258,000	11,076,000
Related deferred tax asset	521,220	473,960	712,980	665,550	773,640
Net Scheme Surplus/(Deficit)	(2,544,780)	(2,314,040)	(3,481,020)	(3,249,450)	(3,524,360)

30. Commitments under operating leases

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £
Not later than 1 year	33,302	9,332
Later than 1 year and not later than 5 years	36,331	23,925
	69,633	33,257

31. Related party transactions

Group Entities

The Company has taken advantage of the exemption within FRS102 to not disclose transactions with Group members.

32. Controlling party

The Group is under the control of J. M. O. Morris, Director, by virtue of his shareholding in this parent Company.