

**Registered No: 00045618**

**Missouri Topco Limited**

**Condensed Consolidated Interim Financial Statements**

**13 weeks ended 24 November 2012**

# Missouri Topco Limited

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## **Missouri Topco Limited**

### **Results of operations for the 13 weeks ended 24 November 2012**

#### **Revenue**

Revenue decreased by 0.4% to £309.5m in the 13 week period ended 24 November 2012 and increased by 2.4% to £857.3m in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £310.8m; 39 week period ended 26 November 2011: £837.4m; 52 week period ended 25 February 2012: £1,117.5m).

#### **Cost of sales and gross profit**

Costs of sales decreased by 2.1% to £257.1m in the 13 week period ended 24 November 2012 and increased by 2.3% to £750.9m in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £262.7m; 39 week period ended 26 November 2011: £734.0m; 52 week period ended 25 February 2012: £1,000.8m).

Gross profit increased by 8.9% to £52.4m in the 13 week period ended 24 November 2012 and increased by 2.9% to £106.4m in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £48.1m; 39 week period ended 26 November 2011: £103.4m; 52 week period ended 25 February 2012: £116.7m).

Gross profit as a percentage of revenue increased to 16.9% in the 13 weeks ended 24 November 2012 and increased to 12.4% in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: 15.5%; 39 week period ended 26 November 2011: 12.3%; 52 week period ended 25 February 2012: 10.4%).

#### **Administrative expenses (including exceptional items)**

Administrative expenses (including exceptional items) increased by 11.1% to £19.0m in the 13 week period ended 24 November 2012 and increased by 2.6% to £48.1m in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £17.1m; 39 week period ended 26 November 2011: £46.9m; 52 week period ended 25 February 2012: £58.9m).

#### **Exceptional items**

Exceptional items included within administrative costs were £0.3m in the 13 week period ended 24 November 2012 and £2.0m in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £3.4m; 39 week period ended 26 November 2011: £4.1m; 52 week period ended 25 February 2012: £4.0m).

Exceptional items in the quarter and year to date relate to restructuring and refinancing costs (refer to note 13).

## **Missouri Topco Limited**

### **Results of operations for the 13 weeks ended 24 November 2012 (continued)**

#### **Operating profit**

Operating profit, after exceptional items, increased by 7.7% to £33.4m in the 13 week period ended 24 November 2012 and increased by 3.2% to £58.3m in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £31.0m; 39 week period ended 26 November 2011: £56.5m; 52 week period ended 25 February 2012: £57.8m).

#### **Net finance costs**

Net finance costs (excluding exceptional items) decreased by £0.2m to £11.9m in the 13 week period ended 24 November 2012 and decreased by £7.7m to £35.8m in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £12.1m; 39 week period ended 26 November 2011: £35.5m; 52 week period ended 25 February 2012: £47.4m).

Refinancing exceptional items of £nil have been incurred in the 13 and 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £nil; 39 week period ended 26 November 2011: £8.0m; 52 week period ended 25 February 2012: £8.3m) and are shown within finance costs. These exceptional refinancing costs relate to the acceleration of the amortisation of the outstanding loan issue costs of the Senior debt facilities repaid as part of the April 2011 refinancing exercise and the costs incurred in relation to the termination of the interest rate swaps held by the group.

#### **Income tax**

Income tax decreased to £6.8m in the 13 week period ended 24 November 2012 and decreased to £7.2m in the 39 weeks ended 24 November 2012 (13 week period ended 26 November 2011: £10.1m; 39 week period ended 26 November 2011: £7.7m; 52 week period ended 25 February 2012: £0.9m credit). This represents the best estimate of the effective annual tax rate expected for the full year, applied to the pre-tax profit for the 13 and 39 week periods.

#### **Profit for the period**

The profit for the period was £14.7m in the 13 week period ended 24 November 2012 and £15.3m in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £8.8m; 39 week period ended 24 November 2011: £5.3m; 52 week period ended 25 February 2012: £3.0m).

## **Missouri Topco Limited**

### **Results of operations for the 13 weeks ended 24 November 2012 (continued)**

#### **Cash flow**

Cash flows from operations decreased by £39.3m to £13.1m in the 13 week period ended 24 November 2012 and decreased by £6.4m to £65.6m in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £52.4m; 39 week period ended 26 November 2011: £72.0m; 52 week period ended 25 February 2012: £76.8m).

Net cash used in investing activities was £6.1m in the 13 week period ended 24 November 2012 and £13.5m in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £5.7m; 39 week period ended 26 November 2011: £16.1m; 52 week period ended 25 February 2012: £20.4m).

Net cash generated from financing activities was £nil in the 13 and 39 week periods ended 24 November 2012 (13 week period ended 26 November 2011: £nil; 39 week period ended 26 November 2011: £3.8m; 52 week period ended 25 February 2012: £3.4m).

Cash decreased by £17.3m in the 13 week period ended 24 November 2012 and increased by £4.4m in the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £22.4m increase; 39 week period ended 26 November 2011: £14.4m increase; 52 weeks ended 25 February 2012: £13.1m increase). The cash balance as at 24 November 2012 was £100.6m. This represents a £3.1m increase on the cash balance as at 26 November 2011.

## Missouri Topco Limited

### Condensed consolidated income statement

	Note	13 weeks ended 24 November 2012 £'m	13 weeks ended 26 November 2011 £'m	39 weeks ended 24 November 2012 £'m	39 weeks ended 26 November 2011 £'m	52 weeks ended 25 February 2012 £'m
Revenue	3	309.5	310.8	857.3	837.4	1,117.5
Cost of sales	3	(257.1)	(262.7)	(750.9)	(734.0)	(1,000.8)
<b>Gross profit</b>	3	<b>52.4</b>	48.1	<b>106.4</b>	103.4	116.7
Administrative expenses (including exceptional items)	3	(19.0)	(17.1)	(48.1)	(46.9)	(58.9)
<b>Operating profit</b>	3	<b>33.4</b>	31.0	<b>58.3</b>	56.5	57.8
Operating profit pre exceptional items		33.7	34.4	60.3	60.6	61.8
Exceptional items - administrative costs	13	(0.3)	(3.4)	(2.0)	(4.1)	(4.0)
<b>Operating profit</b>		<b>33.4</b>	31.0	<b>58.3</b>	56.5	57.8
Finance costs		(12.1)	(12.2)	(36.3)	(35.9)	(48.0)
Exceptional items - finance costs	13	-	-	-	(8.0)	(8.3)
Finance income		0.2	0.1	0.5	0.4	0.6
<b>Net finance costs</b>		<b>(11.9)</b>	(12.1)	<b>(35.8)</b>	(43.5)	(55.7)
<b>Profit before income tax and exceptional items</b>		<b>21.8</b>	22.3	<b>24.5</b>	25.1	14.4
<b>Total exceptional items</b>	13	<b>(0.3)</b>	(3.4)	<b>(2.0)</b>	(12.1)	(12.3)
<b>Profit before income tax</b>		<b>21.5</b>	18.9	<b>22.5</b>	13.0	2.1
Income tax	5	(6.8)	(10.1)	(7.2)	(7.7)	0.9
<b>Profit for the period</b>		<b>14.7</b>	8.8	<b>15.3</b>	5.3	3.0

The notes on pages 10 to 18 form an integral part of this condensed consolidated interim financial information.

## Missouri Topco Limited

### Statement of comprehensive income

	<b>13 weeks ended 24 November 2012</b>	13 weeks ended 26 November 2011	<b>39 weeks ended 24 November 2012</b>	39 weeks ended 26 November 2011	52 weeks ended 25 February 2012
	<b>£'m</b>	£'m	<b>£'m</b>	£'m	£'m
<b>Profit for the period</b>	<b>14.7</b>	8.8	<b>15.3</b>	5.3	3.0
<b>Other comprehensive (expenditure)/ income:</b>					
Cash flow hedges	<b>(4.6)</b>	24.2	<b>(2.7)</b>	24.7	15.3
Income tax element of cash flow	<b>1.1</b>	(6.2)	<b>0.6</b>	(6.4)	(4.1)
<b>Other comprehensive (expenditure) / income net of income tax</b>	<b>(3.5)</b>	18.0	<b>(2.1)</b>	18.3	11.2
<b>Total comprehensive income for the period</b>	<b>11.2</b>	26.8	<b>13.2</b>	23.6	14.2

The notes on pages 10 to 18 form an integral part of this condensed consolidated interim financial information.

## Missouri Topco Limited

### Condensed consolidated balance sheet

		24 November 2012	26 November 2011	25 February 2012
	Note	£'m	£'m	£'m
<b>Assets</b>				
Property, plant and equipment		152.2	161.4	160.0
Intangible assets		16.0	20.2	20.0
Deferred income tax asset		0.5	4.0	0.5
Financial assets – derivative financial instruments	7	0.2	3.3	0.7
<b>Total non-current assets</b>		<b>168.9</b>	188.9	181.2
Inventories – goods for resale		162.2	176.2	131.8
Trade and other receivables		33.3	27.8	19.7
Financial assets – derivative financial instruments	7	1.0	9.4	2.7
Cash and cash equivalents		100.6	97.5	96.2
<b>Total current assets</b>		<b>297.1</b>	310.9	250.4
<b>Total assets</b>		<b>466.0</b>	499.8	431.6
<b>Liabilities</b>				
Financial liabilities – derivative financial instruments	7	(1.4)	(0.7)	(1.2)
Trade and other payables		(174.1)	(202.7)	(157.7)
Current income tax liabilities		(8.4)	(13.4)	(2.6)
Provisions for other liabilities and charges	8	(1.3)	(1.3)	(1.3)
<b>Total current liabilities</b>		<b>(185.2)</b>	(218.1)	(162.8)
Financial liabilities – borrowings	6	(462.9)	(459.6)	(460.4)
Financial liabilities – derivative financial instruments	7	(0.5)	-	-
Trade and other payables		(40.2)	(40.7)	(41.6)
Deferred income tax liabilities		(11.9)	(19.1)	(14.4)
Provisions for other liabilities and charges	8	(3.7)	(5.1)	(4.5)
<b>Total non-current liabilities</b>		<b>(519.2)</b>	(524.5)	(520.9)
<b>Total liabilities</b>		<b>(704.4)</b>	(742.6)	(683.7)
<b>Net liabilities</b>		<b>(238.4)</b>	(242.8)	(252.1)
<b>Shareholders' deficit</b>				
Ordinary shares		17.3	17.3	17.3
Share premium		385.6	385.6	385.6
Hedge reserve		(0.5)	8.7	1.6
Merger reserve		(774.3)	(774.3)	(774.3)
Warrant reserve		3.1	3.1	3.1
Capital redemption reserve		5.7	5.7	5.7
Retained earnings		124.7	111.1	108.9
<b>Total shareholders' deficit</b>		<b>(238.4)</b>	(242.8)	(252.1)

The notes on pages 10 to 18 form an integral part of this condensed consolidated interim financial information.



## Missouri Topco Limited

### Condensed consolidated cash flow statement

		<b>13 weeks ended 24 November 2012</b>	13 weeks ended 26 November 2011	<b>39 weeks ended 24 November 2012</b>	39 weeks ended 26 November 2011	52 weeks ended 25 February 2012
	Note	£'m	£'m	£'m	£'m	£'m
<b>Cash flows from operating activities</b>						
Cash generated	9	<b>13.1</b>	52.4	<b>65.6</b>	72.0	76.8
Interest paid		<b>(22.1)</b>	(23.3)	<b>(44.5)</b>	(38.3)	(38.6)
Income tax paid		<b>(2.2)</b>	(1.0)	<b>(3.2)</b>	(7.0)	(8.1)
<b>Net cash (used in)/ generated from operating activities</b>		<b>(11.2)</b>	28.1	<b>17.9</b>	26.7	30.1
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment		<b>(4.2)</b>	(5.1)	<b>(10.1)</b>	(13.6)	(17.9)
Proceeds from sale of property, plant and equipment		-	-	-	-	1.2
Purchase of intangible assets		<b>(2.1)</b>	(0.7)	<b>(3.9)</b>	(2.9)	(4.3)
Interest received		<b>0.2</b>	0.1	<b>0.5</b>	0.4	0.6
<b>Net cash used in investing activities</b>		<b>(6.1)</b>	(5.7)	<b>(13.5)</b>	(16.1)	(20.4)
<b>Cash flows from financing activities</b>						
Repayment of Senior loan facilities		-	-	-	(231.0)	(231.0)
Proceeds from issue of Senior secured notes		-	-	-	250.0	250.0
Fees associated with refinancing		-	-	-	(15.2)	(15.6)
<b>Net cash generated from financing activities</b>		-	-	-	3.8	3.4
Net increase / (decrease) in cash and cash equivalents		<b>(17.3)</b>	22.4	<b>4.4</b>	14.4	13.1
Cash and cash equivalents at the beginning of the period		<b>117.9</b>	75.1	<b>96.2</b>	83.1	83.1
<b>Cash and cash equivalents at the end of the period</b>		<b>100.6</b>	97.5	<b>100.6</b>	97.5	96.2

The notes on pages 10 to 18 form an integral part of this condensed consolidated interim financial information.

## Missouri Topco Limited

### Condensed consolidated statement of changes in shareholders' equity

	Share capital	Share premium	Merger Reserve	Hedge reserve	Capital redemption reserve	Warrant reserve	Retained earnings	Total reserves
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
As at 27 February 2011	17.3	385.6	(774.3)	(9.6)	5.7	3.1	103.6	(268.6)
<b>Comprehensive income:</b>								
Profit for the period	-	-	-	-	-	-	5.3	<b>5.3</b>
<b>Total profit for the period</b>	-	-	-	-	-	-	5.3	<b>5.3</b>
<b>Other comprehensive income:</b>								
Cash flow hedges								
- fair value gains in the period	-	-	-	25.7	-	-	-	<b>25.7</b>
- transfers to inventory	-	-	-	(1.0)	-	-	-	<b>(1.0)</b>
- income tax element of cash flow hedges	-	-	-	(6.4)	-	-	-	<b>(6.4)</b>
<b>Total other comprehensive expenditure</b>	-	-	-	18.3	-	-	-	<b>18.3</b>
<b>Transactions with owners:</b>								
Fair value charge for subscription for 'B' shares	-	-	-	-	-	-	2.2	<b>2.2</b>
<b>Total transactions with owners</b>	-	-	-	-	-	-	2.2	<b>2.2</b>
As at 26 November 2011	17.3	385.6	(774.3)	8.7	5.7	3.1	111.1	(242.8)

## Missouri Topco Limited

### Condensed consolidated statement of changes in shareholders' equity

	Share capital	Share premium	Merger Reserve	Hedge reserve	Capital redemption reserve	Warrant reserve	Retained earnings	Total reserves
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
As at 26 February 2012	17.3	385.6	(774.3)	1.6	5.7	3.1	108.9	(252.1)
<b>Comprehensive income:</b>								
Profit for the period	-	-	-	-	-	-	15.3	<b>15.3</b>
<b>Total profit for the period</b>	-	-	-	-	-	-	15.3	<b>15.3</b>
<b>Other comprehensive expenditure:</b>								
Cash flow hedges:								
- fair value losses in the period	-	-	-	(2.9)	-	-	-	<b>(2.9)</b>
- transfers to inventory	-	-	-	0.2	-	-	-	<b>0.2</b>
- income tax element of cash flow hedges	-	-	-	0.6	-	-	-	<b>0.6</b>
<b>Total other comprehensive expenditure</b>	-	-	-	(2.1)	-	-	-	<b>(2.1)</b>
<b>Transactions with owners:</b>								
Fair value charge for subscription for 'B' shares	-	-	-	-	-	-	0.5	<b>0.5</b>
<b>Total transactions with owners</b>	-	-	-	-	-	-	0.5	<b>0.5</b>
<b>As at 24 November 2012</b>	<b>17.3</b>	<b>385.6</b>	<b>(774.3)</b>	<b>(0.5)</b>	<b>5.7</b>	<b>3.1</b>	<b>124.7</b>	<b>(238.4)</b>

# Missouri Topco Limited

## Notes to the Financial Statements

### 1. General information

The company is incorporated and domiciled in Guernsey, all subsidiary companies are incorporated and domiciled in the UK. The company is limited by shares. The financial statements are presented in sterling, which is the group's functional and presentational currency. The group's principal place of business is Gillibrands Road, Skelmersdale, West Lancashire, WN8 9TB.

These condensed consolidated interim financial statements were approved for issue on 11<sup>th</sup> January 2013.

### 2. Basis of preparation

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 25 February 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 25 February 2012, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the income tax rate that would be applicable to expected total annual earnings.

There are no new IFRSs or IFRIC interpretations that are effective for the first time for this financial period that would be expected to have a material impact on the company.

At the date of approval of these condensed consolidated interim financial statements, the IASB and IFRIC have issued new or amended standards and interpretations which were in issue but not effective for the financial period and not early adopted:

#### **New standards, amendments to standards or interpretations**

- IFRS 7, 'Financial instruments - disclosures' (effective 1 January 2013)
- IFRS 9, 'Financial instruments' (effective 1 January 2015)
- IFRS 10, 'Consolidated financial statements' (effective 1 January 2014)
- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2014)
- IFRS 13, 'Fair value measurement' (effective 1 January 2013)
- IAS 19 (revised 2011), 'Employee benefits' (effective 1 January 2013)
- IAS 27 (revised 2011), 'Separate financial statements' (effective 1 January 2013)
- IAS32 'Financial instruments - presentation' (effective 1 January 2014)
- Amendment to IAS 12, 'Income taxes' on deferred tax (effective 1 January 2012)
- Amendment to IAS 1, 'Presentation of financial statements' on other comprehensive income (effective 1 July 2012)
- Amendment to IAS32 – offsetting financial assets and financial liabilities (effective 1 January 2014)

The company intends to adopt the new standards and amendments no later than their applicable date, subject to endorsement by the EU.

## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 3. Operating profit

	<b>13 weeks ended 24 November 2012</b>	13 weeks ended 26 November 2011	<b>39 weeks ended 24 November 2012</b>	39 weeks ended 26 November 2011	52 weeks ended 25 February 2012
	<b>£'m</b>	£'m	<b>£'m</b>	£'m	£'m
<b>Revenue</b>	<b>309.5</b>	310.8	<b>857.3</b>	837.4	1,117.5
Cost of goods sold	<b>(160.2)</b>	(173.3)	<b>(473.8)</b>	(469.7)	(647.5)
Selling expenses	<b>(87.1)</b>	(79.0)	<b>(248.8)</b>	(235.7)	(315.0)
Distribution expenses	<b>(9.8)</b>	(10.4)	<b>(28.3)</b>	(28.6)	(38.3)
Total cost of sales	<b>(257.1)</b>	(262.7)	<b>(750.9)</b>	(734.0)	(1,000.8)
<b>Gross profit</b>	<b>52.4</b>	48.1	<b>106.4</b>	103.4	116.7
Administrative expenses pre exceptional items	<b>(18.7)</b>	(13.7)	<b>(46.1)</b>	(42.8)	(54.9)
Exceptional items (note 13)	<b>(0.3)</b>	(3.4)	<b>(2.0)</b>	(4.1)	(4.0)
Administrative expenses	<b>(19.0)</b>	(17.1)	<b>(48.1)</b>	(46.9)	(58.9)
<b>Operating profit</b>	<b>33.4</b>	31.0	<b>58.3</b>	56.5	57.8

## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 4. Segment reporting

The chief operating decision-maker has been identified as the Board of Directors. The Directors consider there to be one operating and reportable segment, being that of the sale of clothing and homewares through out of town retail outlets, primarily through the Matalan fascia, in the United Kingdom.

Internal reports reviewed regularly by the Board provide information to allow the chief operating decision-maker to allocate resources and make decisions about the operations. The internal reporting focuses on the group as a whole and does not identify individual segments. This set of condensed financial statements is therefore presented as a single reportable segment.

The chief operating decision maker relies primarily on EBITDA before exceptional items to assess the performance of the group and make decisions about resources to be allocated to the segment. This can be reconciled to statutory operating profit as follows:

	<b>13 weeks ended 24 November 2012</b>	13 weeks ended 26 November 2011	<b>39 weeks ended 24 November 2012</b>	39 weeks ended 26 November 2011	52 weeks ended 25 February 2012
	<b>£'m</b>	£'m	<b>£'m</b>	£'m	£'m
Operating profit	<b>33.4</b>	31.0	<b>58.3</b>	56.5	57.8
Depreciation	<b>6.7</b>	5.6	<b>17.8</b>	17.1	22.6
Amortisation	<b>4.9</b>	1.7	<b>8.1</b>	5.2	6.7
Exceptional items	<b>0.3</b>	3.4	<b>2.0</b>	4.1	4.0
<b>EBITDA</b>	<b>45.3</b>	41.7	<b>86.2</b>	82.9	91.1
Rent expense	<b>23.7</b>	21.7	<b>70.2</b>	67.5	91.5
<b>EBITDAR</b>	<b>69.0</b>	63.4	<b>156.4</b>	150.4	182.6

The performance of the group is subject to seasonal peaks. The group traditionally performs well during late spring and early summer and over the Christmas season.

Whilst the e-commerce business represents a significant opportunity for future growth within the group, it does not yet represent a significant portion of the operating results of the group. E-commerce is therefore not reported as a separate operating segment by the group for internal or external reporting purposes.

#### 5. Income tax

Income tax for the 13 week period ended 24 November 2012 is charged at 31.6%; 39 weeks ended 24 November 2012: charged at 32.0% (13 weeks ended 26 November 2011: 53.4%; 39 weeks ended 26 November 2011: 59.2%; 52 weeks ended 25 February 2012: 42.9%) representing the best estimate of the effective annual income tax rate expected for the full year, applied to the pre-tax profit for the 13 week period.

The total income tax charge for the period is higher than the UK rate of 24.0% at the end of November 2012 (November 2011: 26.0%; February 2012: 26.0%). The key reconciling items relate to non-deductible expenses.

## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 6. Financial liabilities – borrowings

	<b>24 November 2012 £'m</b>	26 November 2011 £'m	25 February 2012 £'m
<b>Non-current</b>			
Senior notes (net of £5.0m of issue costs (November 2011: £6.2m; February 2012: £5.9m))	<b>(220.0)</b>	(218.8)	(219.1)
Senior secured notes (net of £7.1m of issue costs (November 2011: £9.2m; February 2012: £8.7m))	<b>(242.9)</b>	(240.8)	(241.3)
	<b>(462.9)</b>	(459.6)	(460.4)

Notes in issue are all denominated in Sterling as at 24 November 2012. The group had no short term borrowings during any of the reported periods.

Note amounts include rolled up interest charges as appropriate to the instrument and also include an element of issue costs in accordance with IAS39.

#### Maturity of notes

	<b>24 November 2012 £'m</b>	26 November 2011 £'m	25 February 2012 £'m
Less than one year	-	-	-
One to five years	<b>475.0</b>	250.0	250.0
Five to ten years	-	225.0	225.0
	<b>475.0</b>	475.0	475.0
Issue costs	<b>(12.1)</b>	(15.4)	(14.6)
	<b>462.9</b>	459.6	460.4
Current	-	-	-
Non-current	<b>462.9</b>	459.6	460.4
	<b>462.9</b>	459.6	460.4

## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 6. Financial liabilities – borrowings (continued)

##### Borrowing facilities

The table below reflects the usage of the Revolving Credit Facilities (RCF) as at 24 November 2012. These facilities are subject to an annual review and incur fees at market rates.

	<b>24 November 2012 £'m</b>	26 November 2011 £'m	25 February 2012 £'m
Letters of credit	<b>2.6</b>	2.2	1.5
Guarantees	<b>8.2</b>	8.6	8.6
Unused	<b>19.2</b>	39.2	19.9
<b>Total available</b>	<b>30.0</b>	50.0	30.0

An unlimited guarantee under a composite accounting agreement operates for all group company bank accounts. Group bank loans and overdraft are secured by fixed and floating charges on all assets of the group. Notes in issue as disclosed are guaranteed by the assets of the guarantor group.

In February 2012 the group renegotiated its RCF whereby an agreement was made to cancel £20.0m of committed facilities that the Directors considered to be unnecessary.

#### 7. Derivative financial instruments

##### Forward foreign exchange contracts

The total principal value of forward foreign exchange contracts at 24 November 2012 is £499.8m (26 November 2011: £446.9m; 25 February 2012: £429.7m).

The net fair value of losses as at 24 November 2012 on open forward foreign exchange contracts that hedge the foreign currency risk of purchases are £0.7m (26 November 2011: gains of £12.0m; 25 February 2012: gains of £2.2m). These are transferred at their current fair value as an inventory based adjustment on receipt of the underlying inventory.



## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 8. Provisions for other liabilities and charges

<b>Onerous contracts</b>				<b>Onerous contracts £'m</b>
At 26 February 2012				<b>5.8</b>
Utilised in the 39 week period				<b>(0.8)</b>
<b>At 24 November 2012</b>				<b>5.0</b>

  

	<b>24 November 2012 £'m</b>	26 November 2011 £'m	25 February 2012 £'m
Analysis of total provisions:			
Non-current	<b>3.7</b>	5.1	4.5
Current	<b>1.3</b>	1.3	1.3
	<b>5.0</b>	6.4	5.8

Two leases previously assigned to another retailer were returned to the company in 2009 on privity of contract after they entered administration. A provision was created at that time to recognise that the leases were onerous and this was treated as exceptional in nature and is being released over the remaining life of the lease.

During the 52 week period ended 25 February 2012 a provision for an onerous lease was recognised on a property no longer used by the business. This provision has also been treated as exceptional in nature and is being released over the remaining life of the lease.

## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 9. Cash flow from operating activities

##### Reconciliation of operating profit to net cash inflow from operating activities:

	<b>13 weeks ended 24 November 2012 £'m</b>	13 weeks ended 26 November 2011 £'m	<b>39 weeks ended 24 November 2012 £'m</b>	39 weeks ended 26 November 2011 £'m	52 weeks ended 25 February 2012 £'m
<b>Cash generated from operations</b>					
Operating profit	<b>33.4</b>	31.0	<b>58.3</b>	56.5	57.8
Adjustments for:					
Depreciation	<b>6.7</b>	5.6	<b>17.8</b>	17.1	22.6
Amortisation of intangibles	<b>4.9</b>	1.7	<b>8.1</b>	5.2	6.7
Profit on disposal of property, plant and equipment	-	-	-	-	(1.2)
Non cash exceptional items	-	2.6	-	2.6	2.4
Share based compensation charge	<b>0.2</b>	0.8	<b>0.5</b>	2.0	2.3
Hedge accounting	-	(0.9)	-	(1.0)	(0.1)
<b>Operating cash flows before movements in working capital</b>	<b>45.2</b>	40.8	<b>84.7</b>	82.4	90.5
Movements in working capital:					
(Increase) in inventories	<b>(36.3)</b>	(26.7)	<b>(30.0)</b>	(55.7)	(11.8)
(Increase) in trade and other receivables	<b>(10.3)</b>	(5.3)	<b>(13.6)</b>	(10.2)	(2.2)
Increase in trade and other payables	<b>14.5</b>	43.6	<b>24.5</b>	55.5	0.3
<b>Net cash inflow from operating activities</b>	<b>13.1</b>	52.4	<b>65.6</b>	72.0	76.8

## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 10. Reconciliation of net debt

Net funds incorporate borrowings, less cash and cash equivalents.

	Net debt at 26 February 2012	Cash movements	Non cash movements	Net debt at 24 November 2012
	£'m	£'m	£'m	£'m
Cash and cash equivalents	96.2	4.4	-	<b>100.6</b>
Debt due after 1 year	(460.4)	-	(2.5)	<b>(462.9)</b>
	<b>(364.2)</b>	<b>4.4</b>	<b>(2.5)</b>	<b>(362.3)</b>

#### 11. Contingent liabilities

An unlimited guarantee under a composite accounting agreement operates for all group company bank accounts. Group bank loans and overdrafts as disclosed in note 6 are secured by fixed and floating charges on all the assets of the group. Notes in issue as disclosed in note 6 are guaranteed by the assets of the guarantor group.

#### 12. Related party transactions

The group continues to lease a building in London from a company associated with the Hargreaves family. A portion of the building continues to be leased to a number of companies associated with the Hargreaves family. The rental paid in the 13 week period ending 24 November 2012 was £0.2m; 39 week period ending 24 November 2012: £0.5m (13 weeks ended 26 November 2011: £0.2m; 39 week period ending 26 November 2011: £0.5m; 52 weeks ended 25 February 2012: £0.7m). The rental income in the 13 week period ending 24 November 2012 was £37,177; 39 week period ending 24 November 2012: £0.1m; (13 weeks ended 26 November 2011: £37,250; 39 week period ending 26 November 2011: £0.1m; 52 weeks ended 25 February 2012: £0.2m). During the 52 week period ended 25 February 2012, the buying team previously housed in this building was relocated to head office in Skelmersdale. The group has no further current use for this building nor does it expect to for the remainder of the lease term. Therefore a provision was recognised in relation to the onerous element of this lease. This provision was treated as exceptional in nature and is being released over the remaining lease term (refer to note 13).

During the 52 week period ended 25 February 2012 the company leased a new distribution centre from a company associated with the Hargreaves family. The rental paid during the 13 week period ended 24 November 2012 was £0.3m; 39 week period ending 24 November 2012 was £0.8m (13 weeks ended 26 November 2011: £nil; 39 weeks ended 26 November 2011 £nil; 52 weeks ended 25 February 2012: £0.4m). This transaction has taken place on commercial terms.

## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 13. Exceptional items

Exceptional items are comprised as follows:

	<b>13 weeks ended 24 November 2012</b>	13 weeks ended 26 November 2011	<b>39 weeks ended 24 November 2012</b>	39 weeks ended 26 November 2011	52 weeks ended 25 February 2012
	£'m	£'m	£'m	£'m	£'m
Restructuring costs	(0.3)	(0.7)	(0.5)	(1.4)	(1.5)
Onerous contract provision	-	(2.7)	-	(2.7)	(2.4)
Refinancing costs	-	-	(1.5)	-	(0.1)
<b>Exceptional items – administrative costs</b>	<b>(0.3)</b>	<b>(3.4)</b>	<b>(2.0)</b>	<b>(4.1)</b>	<b>(4.0)</b>
Refinancing costs	-	-	-	(8.0)	(8.3)
<b>Exceptional items – finance costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.0)</b>	<b>(8.3)</b>
<b>Total exceptional items</b>	<b>(0.3)</b>	<b>(3.4)</b>	<b>(2.0)</b>	<b>(12.1)</b>	<b>(12.3)</b>

#### Restructuring costs

Restructuring costs of £0.3m have been incurred during the 13 week period ended 24 November 2012 and £0.5m for the 39 week period ended 24 November 2012 (13 week period ended 26 November 2011: £0.7m; 39 week period ended 26 November 2011: £1.4m; 52 week period ended 25 February 2012: £1.5m).

#### Onerous contract provision

During the 52 week period ended 25 February 2012 a provision for an onerous lease was recognised on a property no longer used by the business. This provision was treated as exceptional.

#### Refinancing costs

During the 39 week period ended 24 November 2012 a £1.5m payment was made following the settlement of an interest rate swap dispute.

In April 2011, the group completed a refinancing of existing Senior debt and issue of new Senior Secured notes (refer to note 6). During the 13 and 39 week periods ended 24 November 2012 £nil (13 week period ended 26 November 2011: £nil; 39 week period ended 26 November 2011: £8.0m; 52 week period ended 25 February 2012: £8.3m) of refinancing costs have been expensed as exceptional items within net finance costs. These amounts relate to the write off of unamortised debt issue costs associated with the previous Senior debt facilities and costs incurred in relation to the termination of interest rate swaps. During the 52 week period ended 25 February 2012 £0.1m of refinancing costs were also expensed as exceptional items within administrative expenses.