

**Registered No: 00045618**

**Missouri Topco Limited**

**Condensed Consolidated Interim Financial Statements**

**13 weeks ended 29 November 2014**

# Missouri Topco Limited

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## **Missouri Topco Limited**

### **Results of operations for the 13 weeks ended 29 November 2014**

#### **Revenue**

Revenue decreased by 7.2% to £298.0m in the 13 week period ended 29 November 2014 and decreased by 3.2% to £835.3m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £321.0m; 40 week period ended 30 November 2013: £863.1m; 53 week period ended 1 March 2014: £1,122.9m).

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

Costs of sales decreased by 7.8% to £248.8m in the 13 week period ended 29 November 2014 and decreased by 4.8% to £723.3m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £269.9m; 40 week period ended 30 November 2013: £759.4m; 53 week period ended 1 March 2014: £1,001.3m).

Gross profit decreased by 3.7% to £49.2m in the 13 week period ended 29 November 2014 and increased by 8.0% to £112.0m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £51.1m; 40 week period ended 30 November 2013: £103.7m; 53 week period ended 1 March 2014: £121.6m).

Gross profit as a percentage of revenue increased to 16.5% in the 13 week period ended 29 November 2014 and increased to 13.4% in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: 15.9%; 40 week period ended 30 November 2013: 12.0%; 53 week period ended 1 March 2014: 10.8%)

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

Administrative expenses (including exceptional items) decreased by 7.9% to £17.5m in the 13 week period ended 29 November 2014 and increased by 2.3% to £49.4m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £19.0m; 40 week period ended 30 November 2013: £48.3m; 53 week period ended 1 March 2014: £62.2m).

Exceptional items included within administrative costs were £0.4m in the 13 week period ended 29 November 2014 and £1.0m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £1.3m; 40 week period ended 30 November 2013: £2.5m; 53 week period ended 1 March 2014: £6.9m).

Administrative exceptional items in the quarter and year to date relate to restructuring costs and supply chain costs (refer to note 13).

## **Missouri Topco Limited**

### **Results of operations for the 13 weeks ended 29 November 2014 (continued)**

#### **Operating profit**

Operating profit, after exceptional items, decreased by 1.2% to £31.7m in the 13 week period ended 29 November 2014 and increased by 13.0% to £62.6m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £32.1m; 40 week period ended 30 November 2013: £55.4m; 53 week period ended 1 March 2014: £59.4m).

#### **Net finance costs**

Net finance costs (excluding exceptional items) decreased by £2.3m to £9.5m in the 13 week period ended 29 November 2014 and decreased by £6.0m to £30.5m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £11.8m; 40 week period ended 30 November 2013: £36.5m; 53 week period ended 1 March 2014: £47.4m).

Exceptional finance costs of £nil were incurred in the 13 week period ended 29 November 2014 and £19.2m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £nil; 40 week period ended 30 November 2013: £nil; 53 week period ended 1 March 2014: £nil). The exceptional finance costs incurred in the 39 week period ended 29 November 2014 relate to the June 2014 refinancing exercise and include charges for the accelerated amortisation of issue costs relating to the Senior Notes and Senior Secured Notes previously in issue together with associated redemption costs.

#### **Income tax**

Income tax decreased to £7.4m in the 13 week period ended 29 November 2014 and decreased to £4.2m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £8.7m; 40 week period ended 30 November 2013: £8.2m; 53 week period ended 1 March 2014: £2.1m). 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**

Profit for the period was £14.8m in the 13 week period ended 29 November 2014 and £8.7m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £11.6m; 40 week period ended 30 November 2013: £10.7m; 53 week period ended 1 March 2014: £9.9m).

## **Missouri Topco Limited**

### **Results of operations for the 13 weeks ended 29 November 2014 (continued)**

#### **Cash flow**

Cash flows from operations decreased by £4.4m to £8.8m in the 13 week period ended 29 November 2014 and increased by £73.4m to £100.2m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £13.2m; 40 week period ended 30 November 2013: £26.8m; 53 week period ended 1 March 2014: £57.6m).

Net cash used in investing activities was £11.2m in the 13 week period ended 29 November 2014 and £26.3m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £18.1m; 40 week period ended 30 November 2013: £37.0m; 53 week period ended 1 March 2014: £56.4m).

Net cash used in financing activities was £0.1m in the 13 week period ended 29 November 2014 and £2.0m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £nil; 40 week period ended 30 November 2013: £nil; 53 week period ended 1 March 2014: £nil). This reflects the transactions relating to the June 2014 refinancing exercise.

Cash decreased by £22.2m in the 13 week period ended 29 November 2014 and increased by £21.8m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £29.6m decrease; 40 week period ended 30 November 2013: £61.5m decrease; 53 week period ended 1 March 2014: £48.8m decrease). The cash balance as at 29 November 2014 was £93.7m. This represents a £34.5m increase on the cash balance as at 30 November 2013.

The cash balance of £93.7m does not include £2.5m of cash placed on deposit with one of the group's providers of forward contracts. The deposit is included within current trade and other receivables and is fully accessible by September 2015 when the final forward contract matures.

#### **Recent events**

On 2 June 2014, the Group completed an issue of £342m First Lien Secured Notes, over 5 years at a fixed rate of 6 7/8%, and an issue of £150m Second Lien Secured Notes, over 6 years at a fixed rate of 8 7/8%. The proceeds were used to repay in full the Senior secured notes of £250m issued in 2011 and Senior notes of £225m issued in 2010.

On 2 June 2014, the Group entered into an amendment and restatement of the Revolving Credit Agreement with Lloyds Bank plc which resulted in the available facility increasing to £50.0m (see note 6).

## Missouri Topco Limited

### Condensed consolidated income statement

	Note	13 weeks ended 29 November 2014 £'m	13 weeks ended 30 November 2013 £'m	39 weeks ended 29 November 2014 £'m	40 weeks ended 30 November 2013 £'m	53 weeks ended 1 March 2014 £'m
Revenue	3	298.0	321.0	835.3	863.1	1,122.9
Cost of sales	3	(248.8)	(269.9)	(723.3)	(759.4)	(1,001.3)
<b>Gross profit</b>	3	<b>49.2</b>	51.1	<b>112.0</b>	103.7	121.6
Administrative expenses (including exceptional items)	3	(17.5)	(19.0)	(49.4)	(48.3)	(62.2)
<b>Operating profit</b>	3	<b>31.7</b>	32.1	<b>62.6</b>	55.4	59.4
Operating profit pre exceptional items		32.1	33.4	63.6	57.9	66.3
Exceptional items - administrative costs	13	(0.4)	(1.3)	(1.0)	(2.5)	(6.9)
<b>Operating profit</b>		<b>31.7</b>	32.1	<b>62.6</b>	55.4	59.4
Finance costs		(9.7)	(12.0)	(31.1)	(37.0)	(48.0)
Exceptional items - finance costs	13	-	-	(19.2)	-	-
Finance income		0.2	0.2	0.6	0.5	0.6
<b>Net finance costs</b>		<b>(9.5)</b>	(11.8)	<b>(49.7)</b>	(36.5)	(47.4)
<b>Profit before income tax and exceptional items</b>		<b>22.6</b>	21.6	<b>33.1</b>	21.4	18.9
<b>Total exceptional items</b>	13	<b>(0.4)</b>	(1.3)	<b>(20.2)</b>	(2.5)	(6.9)
<b>Profit before income tax</b>		<b>22.2</b>	20.3	<b>12.9</b>	18.9	12.0
Income tax	5	(7.4)	(8.7)	(4.2)	(8.2)	(2.1)
<b>Profit for the period</b>		<b>14.8</b>	11.6	<b>8.7</b>	10.7	9.9

The notes on pages 10 to 20 form an integral part of this condensed consolidated interim financial information.

## Missouri Topco Limited

### Statement of comprehensive income

	<b>13 weeks ended 29 November 2014</b>	13 weeks ended 30 November 2013	<b>39 weeks ended 29 November 2014</b>	40 weeks ended 30 November 2013	53 weeks ended 1 March 2014
	<b>£'m</b>	£'m	<b>£'m</b>	£'m	£'m
<b>Profit for the period</b>	<b>14.8</b>	11.6	<b>8.7</b>	10.7	9.9
<b>Other comprehensive income/ (expenditure):</b>					
Cash flow hedges	<b>36.0</b>	(31.3)	<b>55.0</b>	(47.6)	(56.7)
Income tax element of cash flow hedges	<b>(7.2)</b>	6.6	<b>(11.0)</b>	10.3	12.0
<b>Other comprehensive income / (expenditure) net of income tax</b>	<b>28.8</b>	(24.7)	<b>44.0</b>	(37.3)	(44.7)
<b>Total comprehensive income/ (expenditure) for the period</b>	<b>43.6</b>	(13.1)	<b>52.7</b>	(26.6)	(34.8)

The notes on pages 10 to 20 form an integral part of this condensed consolidated interim financial information.

## Missouri Topco Limited

### Condensed consolidated balance sheet

		29 November 2014	30 November 2013	1 March 2014
	Note	£'m	£'m	£'m
<b>Assets</b>				
Property, plant and equipment		179.9	161.2	176.6
Intangible assets		22.6	22.1	21.1
Deferred income tax asset		-	0.3	-
Financial assets – derivative financial instruments	7	14.4	-	-
Trade and other receivables		-	-	5.2
<b>Total non-current assets</b>		<b>216.9</b>	183.6	202.9
Inventories – goods for resale		165.4	189.0	135.3
Trade and other receivables		37.7	40.3	28.4
Financial assets – derivative financial instruments	7	6.6	-	-
Cash and cash equivalents		93.7	59.2	71.9
<b>Total current assets</b>		<b>303.4</b>	288.5	235.6
<b>Total assets</b>		<b>520.3</b>	472.1	438.5
<b>Liabilities</b>				
Financial liabilities – derivative financial instruments	7	(3.8)	(11.1)	(26.2)
Trade and other payables		(174.3)	(169.1)	(139.0)
Current income tax liabilities		(3.3)	(7.2)	(3.0)
Provisions for other liabilities and charges	8	(3.9)	(1.3)	(4.1)
<b>Total current liabilities</b>		<b>(185.3)</b>	(188.7)	(172.3)
Financial liabilities – borrowings	6	(486.5)	(466.1)	(466.9)
Financial liabilities – derivative financial instruments	7	-	(17.2)	(13.2)
Trade and other payables		(41.1)	(42.9)	(42.0)
Deferred income tax liabilities		(11.7)	(4.2)	(0.6)
Provisions for other liabilities and charges	8	(2.2)	(3.3)	(3.0)
<b>Total non-current liabilities</b>		<b>(541.5)</b>	(533.7)	(525.7)
<b>Total liabilities</b>		<b>(726.8)</b>	(722.4)	(698.0)
<b>Net liabilities</b>		<b>(206.5)</b>	(250.3)	(259.5)
<b>Shareholders' deficit</b>				
Ordinary shares		17.3	17.3	17.3
Share premium		385.6	385.6	385.6
Hedge reserve		14.6	(22.0)	(29.4)
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		141.5	134.3	132.5
<b>Total shareholders' deficit</b>		<b>(206.5)</b>	(250.3)	(259.5)

The notes on pages 10 to 20 form an integral part of this condensed consolidated interim financial information.



## Missouri Topco Limited

### Condensed consolidated cash flow statement

		<b>13 weeks ended 29 November 2014</b>	13 weeks ended 30 November 2013	<b>39 weeks ended 29 November 2014</b>	40 weeks ended 30 November 2013	53 weeks ended 1 March 2014
	Note	£'m	£'m	£'m	£'m	£'m
<b>Cash flows from operating activities</b>						
Cash generated	9	<b>8.8</b>	13.2	<b>100.2</b>	26.8	57.6
Interest paid		<b>(18.3)</b>	(22.2)	<b>(46.4)</b>	(44.7)	(43.4)
Income tax paid		<b>(1.4)</b>	(2.5)	<b>(3.7)</b>	(6.6)	(6.6)
<b>Net cash (used in)/ generated from operating activities</b>		<b>(10.9)</b>	(11.5)	<b>50.1</b>	(24.5)	7.6
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment		<b>(9.6)</b>	(14.0)	<b>(21.4)</b>	(26.7)	(46.1)
Purchase of intangible assets		<b>(1.9)</b>	(4.3)	<b>(5.5)</b>	(10.8)	(10.9)
Interest received		<b>0.3</b>	0.2	<b>0.6</b>	0.5	0.6
<b>Net cash used in investing activities</b>		<b>(11.2)</b>	(18.1)	<b>(26.3)</b>	(37.0)	(56.4)
<b>Cash flows from financing activities</b>						
Repayment of previous facilities		-	-	<b>(475.0)</b>	-	-
Proceeds from borrowings		-	-	<b>492.0</b>	-	-
Fees associated with refinancing		<b>(0.1)</b>	-	<b>(19.0)</b>	-	-
<b>Net cashflows used in financing activities</b>		<b>(0.1)</b>	-	<b>(2.0)</b>	-	-
Net (decrease)/ increase in cash and cash equivalents		<b>(22.2)</b>	(29.6)	<b>21.8</b>	(61.5)	(48.8)
Cash and cash equivalents at the beginning of the period		<b>115.9</b>	88.8	<b>71.9</b>	120.7	120.7
<b>Cash and cash equivalents at the end of the period</b>		<b>93.7</b>	59.2	<b>93.7</b>	59.2	71.9

The notes on pages 10 to 20 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 24 February 2013	17.3	385.6	(774.3)	15.3	5.7	3.1	123.1	(224.2)
<b>Comprehensive income:</b>								
Profit for the period	-	-	-	-	-	-	10.7	<b>10.7</b>
<b>Total profit for the period</b>	-	-	-	-	-	-	10.7	<b>10.7</b>
<b>Other comprehensive expenditure:</b>								
Cash flow hedges:								
- fair value losses in the period	-	-	-	(49.9)	-	-	-	<b>(49.9)</b>
- transfers to inventory	-	-	-	2.3	-	-	-	<b>2.3</b>
- income tax element of cash flow hedges	-	-	-	10.3	-	-	-	<b>10.3</b>
<b>Total other comprehensive expenditure</b>	-	-	-	<b>(37.3)</b>	-	-	-	<b>(37.3)</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>
As at 30 November 2013	17.3	385.6	(774.3)	(22.0)	5.7	3.1	134.3	(250.3)

## 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 2 March 2014	17.3	385.6	(774.3)	(29.4)	5.7	3.1	132.5	(259.5)
<b>Comprehensive income:</b>								
Profit for the period	-	-	-	-	-	-	8.7	8.7
<b>Total profit for the period</b>	-	-	-	-	-	-	8.7	8.7
<b>Other comprehensive income:</b>								
Cash flow hedges:								
- fair value losses in the period	-	-	-	56.8	-	-	-	56.8
- transfers to inventory	-	-	-	(1.8)	-	-	-	(1.8)
- income tax element of cash flow hedges	-	-	-	(11.0)	-	-	-	(11.0)
<b>Total other comprehensive income</b>	-	-	-	44.0	-	-	-	44.0
<b>Transactions with owners:</b>								
Fair value charge for subscription for 'B' shares	-	-	-	-	-	-	0.3	0.3
<b>Total transactions with owners</b>	-	-	-	-	-	-	0.3	0.3
<b>As at 29 November 2014</b>	<b>17.3</b>	<b>385.6</b>	<b>(774.3)</b>	<b>14.6</b>	<b>5.7</b>	<b>3.1</b>	<b>141.5</b>	<b>(206.5)</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 9 January 2015.

### 2. Basis of preparation

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 1 March 2014, 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 1 March 2014, 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 9 Financial Instruments
- Amendments to IFRS 2 Share-based payments
- Amendments to IFRS 8 Operating segments
- Amendments to IFRS 13 Fair value measurement
- Amendments to IAS 24 Related party disclosures

The Group 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 29 November 2014</b>	13 weeks ended 30 November 2013	<b>39 weeks ended 29 November 2014</b>	40 weeks ended 30 November 2013	53 weeks ended 1 March 2014
	£'m	£'m	£'m	£'m	£'m
<b>Revenue</b>	<b>298.0</b>	321.0	<b>835.3</b>	863.1	1,122.9
Cost of goods sold	<b>(147.9)</b>	(170.8)	<b>(435.9)</b>	(476.5)	(627.6)
Selling expenses	<b>(88.1)</b>	(89.0)	<b>(255.1)</b>	(255.2)	(336.7)
Distribution expenses	<b>(12.8)</b>	(10.1)	<b>(32.3)</b>	(27.7)	(37.0)
Total cost of sales	<b>(248.8)</b>	(269.9)	<b>(723.3)</b>	(759.4)	(1,001.3)
<b>Gross profit</b>	<b>49.2</b>	51.1	<b>112.0</b>	103.7	121.6
Administrative expenses pre exceptional items	<b>(17.1)</b>	(17.7)	<b>(48.4)</b>	(45.8)	(55.3)
Exceptional items (note 13)	<b>(0.4)</b>	(1.3)	<b>(1.0)</b>	(2.5)	(6.9)
Administrative expenses	<b>(17.5)</b>	(19.0)	<b>(49.4)</b>	(48.3)	(62.2)
<b>Operating profit</b>	<b>31.7</b>	32.1	<b>62.6</b>	55.4	59.4

## 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 29 November 2014</b>	13 weeks ended 30 November 2013	<b>39 weeks ended 29 November 2014</b>	40 weeks ended 30 November 2013	53 weeks ended 1 March 2014
	<b>£'m</b>	£'m	<b>£'m</b>	£'m	£'m
Operating profit	<b>31.7</b>	32.1	<b>62.6</b>	55.4	59.4
Depreciation	<b>5.8</b>	6.0	<b>17.1</b>	17.5	22.6
Amortisation	<b>1.7</b>	2.1	<b>5.2</b>	5.9	6.5
Exceptional items	<b>0.4</b>	1.3	<b>1.0</b>	2.5	6.9
<b>EBITDA</b>	<b>39.6</b>	41.5	<b>85.9</b>	81.3	95.4
Rent expense	<b>24.6</b>	24.6	<b>71.0</b>	73.7	98.1
<b>EBITDAR</b>	<b>64.2</b>	66.1	<b>156.9</b>	155.0	193.5

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 29 November 2014 is charged at 33.3%; 39 week period ended 29 November 2014 charged at 32.6% (13 week period ended 30 November 2013: 42.9%; 40 week period ended 30 November 2013: 43.4%; 53 week period ended 1 March 2014: 17.6%) 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 and 39 week periods.

The effective annual income tax rate of 33.3% for the period is higher than the standard rate of corporation tax in the UK of 21.17% due to non-deductible expenses. The rate of corporation tax is based on a weighted average rate. The standard rate of corporation tax reduced from 23% to 21% on 1 April 2014 (24% to 23% on 1 April 2013).

## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 6. Financial liabilities – borrowings

	<b>29 November 2014 £'m</b>	30 November 2013 £'m	1 March 2014 £'m
<b>Non-current</b>			
First Lien Secured Notes (net of £3.8m issue costs (November 2013: £nil; March 2014: £nil))	<b>(338.2)</b>	-	-
Second Lien Secured Notes (net of £1.7m issue costs (November 2013: £nil; March 2014: £nil))	<b>(148.3)</b>	-	-
Senior notes (net of £nil issue costs (November 2013: £3.9m; March 2014: £3.6m))	-	(221.1)	(221.4)
Senior secured notes (net of £nil issue costs (November 2013: £5.0m; March 2014: £4.5m))	-	(245.0)	(245.5)
	<b>(486.5)</b>	(466.1)	(466.9)

Notes in issue are all denominated in Sterling as at 29 November 2014. The group had no short term borrowings during any of the reported periods.

On 2 June 2014, the Group completed an issue of £342m First Lien Secured Notes, over 5 years at a fixed rate of 6 7/8%, and an issue of £150m Second Lien Secured Notes, over 6 years at a fixed rate of 8 7/8%. The proceeds were used to repay in full the Senior Secured Notes of £250m issued in 2011 and Senior notes of £225m issued in 2010.

A proportion of the First Lien Secured Notes and Second Lien Secured Notes are held by shareholders of the Company.

During the 39 week period ended 29 November 2014, issue costs of £6.0m were incurred in relation to the First Lien Secured Notes and Second Lien Secured Notes and are being amortised over the terms of the facilities. The unamortised issue costs associated with the Senior Notes and Senior Secured Notes previously in issue have been charged to the income statement as exceptional finance costs (see note 13).

## Missouri Topco Limited

### Notes to the Financial Statements (continued)

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

##### Maturity of notes

	<b>29 November 2014 £'m</b>	30 November 2013 £'m	1 March 2014 £'m
Less than one year	-	-	-
One to five years	<b>342.0</b>	475.0	475.0
Five to ten years	<b>150.0</b>	-	-
	<b>492.0</b>	475.0	475.0
Issue costs	<b>(5.5)</b>	(8.9)	(8.1)
	<b>486.5</b>	466.1	466.9
Current	-	-	-
Non-current	<b>486.5</b>	466.1	466.9
	<b>486.5</b>	466.1	466.9

##### Borrowing facilities

The table below reflects the usage of the Revolving Credit Facilities (RCF) as at 29 November 2014. These facilities are subject to an annual review and incur fees at market rates.

	<b>29 November 2014 £'m</b>	30 November 2013 £'m	1 March 2014 £'m
Letters of credit	<b>1.4</b>	2.9	2.7
Guarantees	<b>8.3</b>	8.3	8.3
Unused	<b>40.3</b>	18.8	19.0
<b>Total available</b>	<b>50.0</b>	30.0	30.0

On 2 June 2014, the Group entered into an amendment and restatement of the Revolving Credit Agreement with Lloyds Bank plc which resulted in the available facility increasing to £50.0m

An unlimited guarantee under a composite accounting agreement operates for all group company bank accounts. Group bank facilities are secured by fixed and floating charge over the assets of the guarantor group. Notes in issue are guaranteed by the assets of the guarantor group.



## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 7. Derivative financial instruments

##### Forward foreign exchange contracts

The total principal value of forward foreign exchange contracts at 29 November 2014 is £573.7m (30 November 2013: £544.7m; 1 March 2014: £556.6m).

The net fair value of gains as at 29 November 2014 on open forward foreign exchange contracts that hedge the foreign currency risk of purchases are £17.2m (30 November 2013: losses of £28.3m; 1 March 2014: losses of £39.4m). These are transferred at their current fair value as an inventory based adjustment on receipt of the underlying inventory.

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

Onerous contracts	Onerous contracts £'m	Dilapidations provision £'m	Total £'m
At 2 March 2014	(4.2)	(2.9)	(7.1)
Utilised in the period	1.0	-	1.0
<b>At 29 November 2014</b>	<b>(3.2)</b>	<b>(2.9)</b>	<b>(6.1)</b>

  

	<b>29 November 2014 £'m</b>	30 November 2013 £'m	1 March 2014 £'m
Analysis of total provisions:			
Non-current	<b>(2.2)</b>	(3.3)	(3.0)
Current	<b>(3.9)</b>	(1.3)	(4.1)
	<b>(6.1)</b>	(4.6)	(7.1)

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 a previous period 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.

During the previous period, the Group established a provision for anticipated future dilapidations costs.

## 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 29 November 2014 £'m</b>	13 weeks ended 30 November 2013 £'m	<b>39 weeks ended 29 November 2014 £'m</b>	40 weeks ended 30 November 2013 £'m	53 weeks ended 1 March 2014 £'m
<b>Cash generated from operations</b>					
Operating profit	<b>31.7</b>	32.1	<b>62.6</b>	55.4	59.4
Adjustments for:					
Depreciation	<b>5.8</b>	6.0	<b>17.1</b>	17.5	22.6
Amortisation of intangibles	<b>1.7</b>	2.1	<b>5.2</b>	5.9	6.5
Non cash exceptional items	-	-	-	-	2.4
Share based compensation charge	<b>0.1</b>	0.2	<b>0.3</b>	0.5	(0.5)
Hedge accounting	<b>0.2</b>	(0.2)	<b>0.1</b>	(0.2)	0.3
<b>Operating cash flows before movements in working capital</b>	<b>39.5</b>	40.2	<b>85.3</b>	79.1	90.7
Movements in working capital:					
(Increase)/ decrease in inventories	<b>(40.0)</b>	(38.1)	<b>(32.5)</b>	(48.7)	6.1
Increase in trade and other receivables	<b>(2.7)</b>	(14.6)	<b>(3.1)</b>	(17.3)	(10.5)
Increase/ (decrease) in trade and other payables	<b>12.0</b>	25.7	<b>50.5</b>	13.7	(28.7)
<b>Net cash inflow from operating activities</b>	<b>8.8</b>	13.2	<b>100.2</b>	26.8	57.6

## 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 2 March 2014	Cash movements	Non cash movements	Net debt at 29 November 2014
	£'m	£'m	£'m	£'m
Cash and cash equivalents	71.9	21.8	-	<b>93.7</b>
Debt due after 1 year	(466.9)	(11.0)	(8.6)	<b>(486.5)</b>
	<b>(395.0)</b>	<b>10.8</b>	<b>(8.6)</b>	<b>(392.8)</b>

#### 11. Contingent liabilities

An unlimited guarantee under a composite accounting agreement operates for all group company bank accounts. Group bank facilities as disclosed in note 6 are secured by fixed and floating charges over the assets of the guarantor 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 ended 29 November 2014 was £0.2m; 39 week period ended 29 November 2014: £0.5m (13 week period ended 30 November 2013: £0.2m; 40 week period ended 30 November 2013: £0.5m; 53 week period ended 1 March 2014: £0.7m). The rental income in the 13 week period ended 29 November 2014 was £0.1m; 39 week period ended 29 November 2014: £0.1m; (13 week period ended 30 November 2013: £0.1m; 40 week period ended 30 November 2013: £0.2m; 53 week period ended 1 March 2014: £0.3m). During a previous period, 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 a previous period the Group leased a new distribution centre from a company associated with the Hargreaves family. The rental paid during the 13 week period ended 29 November 2014 was £0.4m; 39 week period ended 29 November 2014 was £1.1m (13 week period ended 30 November 2013: £0.3m; 40 week period ended 30 November 2013 £0.8m; 53 week period ended 1 March 2014: £1.1m). This company also provided construction services for the new distribution centre. The expenditure incurred during the 13 week period ended 29 November 2014 was £nil; 39 week period ended 29 November 2014: £1.5m (13 weeks ended 30 November 2013: £2.4m; 40 weeks ended 30 November 2013: £2.5m; 53 weeks ended 1 March 2014: £5.0m). At 29 November 2014 £nil was outstanding (30 November 2013: £nil; 1 March 2014: £nil).

The Group purchased IT services from a company associated with the Hargreaves family. The expenditure incurred for the 13 week period ended 29 November 2014 was £0.3m; 39 week period ended 29 November 2014 was £0.8m (13 week period ended 30 November 2013: £0.1m; 40 week period ended 30 November 2013: £0.7m; 53 week period ended 1 March 2014: £0.9m) of which £0.2m was outstanding at 29 November 2014 (30 November 2013: £0.4m; 1 March 2014: £0.6m).

## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 12. Related party transactions (continued)

The Group used the sourcing agency services of a company associated with the Hargreaves family. The expenditure incurred for the 13 week period ended 29 November 2014 was £0.2m; 39 week period ended 29 November 2014 was £0.5m (13 week period ended 30 November 2013: £0.2m; 40 week period ended 30 November 2013: £0.3m; 53 week period ended 1 March 2014: £0.4m) of which £0.2m was outstanding at 29 November 2014 (30 November 2013: £0.1m; 1 March 2014: £nil).

The Group purchased clothing for resale from companies associated with the Hargreaves family. Purchases during the 13 week period ended 29 November 2014 was £0.7m; 39 week period ended 29 November 2014: £0.9m (13 weeks ending 30 November 2013: £nil; 40 weeks ended 30 November 2013: £nil; 53 weeks ended 1 March 2014: £0.9m) of which £nil was outstanding at 29 November 2014 (30 November 2013: £nil; 1 March 2014: £nil).

The Group used the clothing design services of a company associated with the Hargreaves family. The expenditure incurred during the 13 week period ended 29 November 2014 was £0.2m; 39 week period ended 29 November 2014: £0.2m (13 weeks ending 30 November 2013: £nil; 40 weeks ended 30 November 2013: £nil; 53 weeks ended 1 March 2014: £0.1m) of which £nil was outstanding 29 November 2014 (30 November 2013: £nil; 1 March 2014: £0.1m).

The Group incurred costs relating to the Hargreaves family and associated companies. The expenditure incurred during the 13 week period ended 29 November 2014 was £nil; 39 week period ended 29 November 2014: £0.1m (13 weeks ending 30 November 2013: £nil; 40 weeks ended 30 November 2013: £0.1m; 53 weeks ended 1 March 2014: £0.1m) of which £0.1m was outstanding at 29 November 2014 (30 November 2013: £0.2m; 1 March 2014: £0.1m).

All the above transactions have taken place at levels not materially different to commercial terms.

## Missouri Topco Limited

### Notes to the Financial Statements (continued)

#### 13. Exceptional items

Exceptional items are comprised as follows:

	<b>13 weeks ended 29 November 2014</b>	13 weeks ended 30 November 2013	<b>39 weeks ended 29 November 2014</b>	40 weeks ended 30 November 2013	53 weeks ended 1 March 2014
	<b>£'m</b>	£'m	<b>£'m</b>	£'m	£'m
Restructuring costs	-	(1.3)	<b>(0.1)</b>	(2.5)	(1.6)
Onerous contract provision	-	-	-	-	0.5
Supply chain costs	<b>(0.4)</b>	-	<b>(0.9)</b>	-	(1.1)
Dilapidations	-	-	-	-	(2.9)
Acceleration of IFRS2 charge	-	-	-	-	(1.8)
<b>Exceptional items – administrative costs</b>	<b>(0.4)</b>	(1.3)	<b>(1.0)</b>	(2.5)	(6.9)
Financing costs	-	-	<b>(19.2)</b>	-	-
<b>Exceptional items – finance costs</b>	-	-	<b>(19.2)</b>	-	-
<b>Total exceptional items</b>	<b>(0.4)</b>	(1.3)	<b>(20.2)</b>	(2.5)	(6.9)

#### Restructuring costs

Restructuring costs of £nil were incurred during the 13 week period ended 29 November 2014 and £0.1m for the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £1.3m; 40 week period ended 30 November 2013: £2.5m; 53 week period ended 1 March 2014: £1.6m.)

#### Onerous contract provision

During the 53 week period ended 1 March 2014 £0.5m of income was received from properties in respect of which onerous lease provisions are held in full. As the initial provision on these properties was created through exceptional items, the corresponding offsetting income was also recognised as exceptional.

#### Supply chain costs

Supply chain costs of £0.4m were incurred in the 13 week period ended 29 November 2014 and £0.9m during the 39 week period ended 29 November 2014 (13 week period 30 November 2013: £nil; 40 week period ended 30 November 2013: £nil; 53 week period ended 1 March 2014: £1.1m). Supply chain costs relate to the redevelopment of the Group's southern distribution centre.

#### Dilapidations

During the 53 week period ended 1 March 2014, the Group established a provision for anticipated future dilapidations costs.

#### Acceleration of IFRS 2 charge

During the 53 week period ended 1 March 2014, an acceleration of the IFRS 2 charge resulted from the resignation of Darren Blackhurst as a director of the board.

## **Missouri Topco Limited**

### **Notes to the Financial Statements (continued)**

#### **13. Exceptional items (continued)**

##### **Refinancing costs**

Refinancing costs of £nil were incurred in the 13 week period ended 29 November 2014 and £19.2m in the 39 week period ended 29 November 2014 (13 week period ended 30 November 2013: £nil; 40 week period 30 November 2013: £nil; 53 week period ended 1 March 2014: £nil). These costs relate to the June 2014 refinancing exercise and include charges for the accelerated amortisation of issue costs relating to the Senior Notes and Senior Secured Notes previously in issue together with associated redemption costs.