

REGISTERED NUMBER: 00045618

MISSOURI TOPCO LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13 WEEKS ENDED 28 NOVEMBER 2020

Missouri Topco Limited

Contents

	Page
Results of operations	1
Condensed consolidated income statement	3
Statement of comprehensive income	4
Condensed consolidated balance sheet	5
Condensed consolidated cash flow statement	6
Condensed consolidated statement of changes in shareholders' equity	7
Notes to the financial statements	9

Missouri Topco Limited

Results of operations for the 13 weeks ended 28 November 2020

The result for the 13 week period ended 28 November 2020 reflect the impact of the second government lockdown in England and the circuit breaks and other restrictions within the devolved nations.

Revenue

Revenue decreased by 21.5% to £244.8m in the 13 week period ended 28 November 2020 and decreased by 34.1% to £578.1m in the 39 week period ended 28 November 2020 (13 week period ended 30 November 2019: £311.7m; 40 week period ended 30 November 2019: £877.2m; 53 week period ended 29 February 2020: £1,129.4m).

Cost of sales and gross profit (including exceptional items)

Cost of sales including exceptional items decreased by 23.5% to £202.8m in the 13 week period ended 28 November 2020 and decreased by 29.0% to £543.9m in the 39 week period ended 28 November 2020 (13 week period ended 30 November 2019: £265.2m; 40 week period ended 30 November 2019: £765.6m; 53 week period ended 29 February 2020: £1,000.6m).

Gross profit including exceptional items decreased by 9.7% to £42.0m in the 13 week period ended 28 November 2020 and decreased by 69.4% to £34.2m in the 39 week period ended 28 November 2020 (13 week period ended 30 November 2019: £46.5m; 40 week period ended 30 November 2019: £111.6m; 53 week period ended 29 February 2020: £128.8m).

Gross profit including exceptional items as a percentage of revenue increased to 17.2% in the 13 weeks ended 28 November 2020 and decreased to 5.9% in the 39 weeks ended 28 November 2020 (13 week period ended 30 November 2019: 14.9%; 40 week period ended 30 November 2019: 12.7%; 53 week period ended 29 February 2020: 11.4%).

Administrative expenses (including exceptional items)

Administrative expenses (including exceptional items) decreased by £0.1m to £15.5m in the 13 week period ended 28 November 2020 and decreased by £0.8m to £43.8m in the 39 week period ended 28 November 2020 (13 week period ended 30 November 2019: £15.6m; 40 week period ended 30 November 2019: £44.6m; 53 week period ended 29 February 2020: £59.5m).

Operating profit

Operating profit pre exceptional items decreased by 14.1% to £27.4m in the 13 week period ended 28 November 2020 and decreased by 113.1% to a loss of £8.8m in the 39 week period ended 28 November 2020 (13 week period ended 30 November 2019: £31.9m; 40 week period ended 30 November 2019: £67.1m; 53 week period ended 29 February 2020: £70.9m).

Net finance costs (including exceptional items)

Net finance costs (including exceptional items) were £24.8m in the 13 week period ended 28 November 2020 and £67.1m in the 39 week period ended 28 November 2020 (13 week period ended 30 November 2019: £21.5m; 40 week period ended 30 November 2019: £66.5m; 53 week period ended 29 February 2020: £87.6m).

Exceptional items

Exceptional items of £0.9m were incurred in the 13 week period ended 28 November 2020 and £1.6m were incurred in the 39 week period ended 28 November 2020 (13 week period ended 30 November 2019: £1.0m; 40 week period ended 30 November 2019: £0.1m; 53 week period ended 29 February 2020: £1.6m).

Missouri Topco Limited

Results of operations for the 13 weeks ended 28 November 2020 (continued)

Taxation

The taxation credit in the 13 week period ended 28 November 2020 was £1.5m and in the 39 week period ended 28 November 2020 was £3.4m (13 week period ended 30 November 2019: £0.2m credit; 40 week period ended 30 November 2019: £1.1m credit; 53 week period ended 29 February 2020: £1.5m credit).

Profit/loss for the period

The profit in the 13 week period ended 28 November 2020 was £3.2m and the loss in the 39 week period ended 28 November 2020 was £73.3m (13 week period ended 30 November 2019: £9.6m profit; 40 week period ended 30 November 2019: £1.6m profit; 53 week period ended 29 February 2020: £16.8m loss).

Cash flow

Cash flows from operating activities increased by £25.8m to a £47.6m inflow in the 13 week period ended 28 November 2020 and decreased by £5.4m to a £74.9m inflow in the 39 week period ended 28 November 2020 (13 week period ended 30 November 2019: £21.8m inflow; 40 week period ended 30 November 2019: £80.3m inflow; 53 week period ended 29 February 2020: £95.2m inflow). We have amended the split of our rent cash flows in the comparative 39 week period ended 30 November 2019 to include the interest portion of the quarterly rental payments within Interest paid. This aligns the treatment of the rent cash flows in our quarterly results with that in the full year financial statements for the 53 week period ended 29th February 2020.

Net cash used in investing activities was a £6.0m outflow in the 13 week period ended 28 November 2020 and a £2.4m outflow in the 39 week period ended 28 November 2020 (13 week period ended 30 November 2019: £10.8m outflow; 40 week period ended 30 November 2019: £38.1m outflow; 53 week period ended 29 February 2020: £51.3m outflow).

Net cash used in financing activities was a £19.0m outflow in the 13 week period ended 28 November 2020 and a £51.2m inflow in the 39 week period ended 28 November 2020 (13 week period ended 30 November 2019: £11.2m outflow; 40 week period ended 30 November 2019: £41.6m outflow; 53 week period ended 29 February 2020: £55.2m outflow).

Cash increased by £22.6m in the 13 week period ended 28 November 2020 and increased by £123.7m in the 39 week period ended 28 November 2020 (13 week period ended 30 November 2019: £0.2m decrease; 40 week period ended 30 November 2019: £0.6m increase; 53 weeks ended 29 February 2020: £11.3m decrease). The cash balance as at 28 November 2020 was £184.9m.

Missouri Topco Limited

Condensed consolidated income statement

	Note	13 weeks ended 28 November 2020 £'m	13 weeks ended 30 November 2019 £'m	39 weeks ended 28 November 2020 £'m	40 weeks ended 30 November 2019 £'m	53 weeks ended 29 February 2020 £'m
Revenue	3	244.8	311.7	578.1	877.2	1,129.4
Cost of sales	3	(202.8)	(265.2)	(543.9)	(765.6)	(1,000.6)
Gross profit	3	42.0	46.5	34.2	111.6	128.8
Administrative expenses (including exceptional items)	3	(15.5)	(15.6)	(43.8)	(44.6)	(59.5)
Operating profit/ (loss) (including exceptional items)	3	26.5	30.9	(9.6)	67.0	69.3
Operating profit pre exceptional items		27.4	31.9	(8.8)	67.1	70.9
Exceptional items – cost of sales	12	-	(1.0)	-	(1.0)	(1.0)
Exceptional items – administrative expenses	12	(0.9)	-	(0.8)	0.9	(0.6)
Operating profit/ (loss)		26.5	30.9	(9.6)	67.0	69.3
Finance costs		(24.8)	(21.6)	(71.2)	(66.9)	(88.1)
Finance income		-	0.1	4.9	0.4	0.5
Exceptional finance expense	12	-	-	(0.8)	-	-
Net finance costs		(24.8)	(21.5)	(67.1)	(66.5)	(87.6)
Profit/ (loss) before income tax and exceptional items		2.6	10.4	(75.1)	0.6	(16.7)
Total exceptional items	12	(0.9)	(1.0)	(1.6)	(0.1)	(1.6)
Profit/ (loss) before income tax		1.7	9.4	(76.7)	0.5	(18.3)
Income tax	5	1.5	0.2	3.4	1.1	1.5
Profit/ (Loss) for the period		3.2	9.6	(73.3)	1.6	(16.8)

The notes on pages 9 to 15 form an integral part of this condensed consolidated interim financial information.

Missouri Topco Limited

Statement of comprehensive income

	13 weeks ended 28 November 2020	13 weeks ended 30 November 2019	39 weeks ended 28 November 2020	40 weeks ended 30 November 2019	53 weeks ended 29 February 2020
	£'m	£'m	£'m	£'m	£'m
Profit/ (loss) for the period	3.2	9.6	(73.3)	1.6	(16.8)
Other comprehensive (expenditure)/ income:					
Cash flow hedges	(1.6)	(31.0)	(12.6)	3.7	8.1
Income tax element of cash flow hedges	0.3	5.6	2.1	(0.6)	(1.2)
Total other comprehensive (expenditure)/ income, net of income tax	(1.3)	(25.4)	(10.5)	3.1	6.9
Total comprehensive income/ (expenditure) for the period	1.9	(15.8)	(83.8)	4.7	(9.9)

The notes on pages 9 to 15 form an integral part of this condensed consolidated interim financial information.

Missouri Topco Limited

Condensed consolidated balance sheet

		28 November	30 November	29 February
		2020	2019	2020
	Note	£'m	£'m	£'m
Assets				
Property, plant and equipment		213.1	220.7	220.0
Right-of-use assets		406.7	471.5	460.1
Intangible assets		51.2	47.8	50.5
Deferred tax asset		1.0	-	-
Financial assets – derivative financial instruments	7	-	1.8	4.6
Total non-current assets		672.0	741.8	735.2
Inventories – goods for resale		139.8	158.2	133.0
Trade and other receivables		28.1	29.8	23.6
Financial assets – derivative financial instruments	7	0.7	12.9	15.7
Cash and cash equivalents		184.9	73.1	61.2
Total current assets		353.5	274.0	233.5
Total assets		1,025.5	1,015.8	968.7
Liabilities				
Financial Liabilities – derivative financial instruments	7	(10.5)	(1.7)	(1.1)
Lease liabilities		(71.5)	(100.1)	(61.0)
Trade and other payables		(262.4)	(195.9)	(171.3)
Current income tax liabilities		(0.1)	(0.3)	(0.1)
Total current liabilities		(344.5)	(298.0)	(233.5)
Financial liabilities – borrowings	6	(519.2)	(475.9)	(476.3)
Lease liabilities		(439.5)	(429.6)	(461.4)
Deferred income tax liabilities		-	(3.9)	(4.5)
Other payables		(10.4)	-	-
Financial Liabilities – derivative financial instruments	7	(2.4)	(0.9)	-
Total non-current liabilities		(971.5)	(910.3)	(942.2)
Total liabilities		(1,316.0)	(1,208.3)	(1,175.7)
Net liabilities		(290.5)	(192.5)	(207.0)
Shareholders' deficit				
Share capital		17.3	17.3	17.3
Share premium		385.6	385.6	385.6
Hedge reserve		1.5	8.2	12.0
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		70.6	161.9	143.6
Total shareholders' deficit		(290.5)	(192.5)	(207.0)

The notes on pages 9 to 15 form an integral part of this condensed consolidated interim financial information.

Missouri Topco Limited

Condensed consolidated cash flow statement

	Note	13 weeks ended 28 November 2020 £'m	13 weeks ended 30 November 2019 £'m	39 weeks ended 28 November 2020 £'m	40 weeks ended 30 November 2019 £'m	53 weeks ended 29 February 2020 £'m
Cash flows from operating activities						
Cash generated	8	67.4	34.3	125.4	138.9	183.7
Interest paid		(19.8)	(12.3)	(50.5)	(56.1)	(86.0)
Income tax paid		-	(0.2)	-	(2.5)	(2.5)
Net cash generated from operating activities		47.6	21.8	74.9	80.3	95.2
Cash flows from investing activities						
Purchases of property, plant and equipment		(4.3)	(5.3)	(12.8)	(25.3)	(32.1)
Purchases of intangible assets		(1.7)	(5.6)	(8.4)	(13.2)	(19.7)
Interest received		-	0.1	4.5	0.4	0.5
Gain on sale of FX hedges		-	-	14.3	-	-
Net cash used in investing activities		(6.0)	(10.8)	(2.4)	(38.1)	(51.3)
Cash flows from financing activities						
Overdraft drawdown		-	-	38.0	-	-
Repayment of overdraft		-	-	(6.2)	-	-
Exceptional finance costs		-	-	(0.8)	-	-
Loan issued		-	-	25.0	-	-
Bonds issued		-	-	27.7	-	-
Issue costs		(0.2)	-	(13.7)	-	-
Repayment of lease liabilities		(18.8)	(11.2)	(18.8)	(41.3)	(54.9)
Repurchase of own shares		-	-	-	(0.3)	(0.3)
Net cash used in financing activities		(19.0)	(11.2)	51.2	(41.6)	(55.2)
Net increase in cash and cash equivalents		22.6	(0.2)	123.7	0.6	(11.3)
Cash and cash equivalents at the beginning of the period		162.3	73.3	61.2	72.5	72.5
Cash and cash equivalents at the end of the period		184.9	73.1	184.9	73.1	61.2

The notes on pages 9 to 15 form an integral part of this condensed consolidated interim financial information.

Missouri Topco Limited

Condensed consolidated statement of changes in shareholders' equity

Group	Share capital £'m	Share premium £'m	Merger reserve £'m	Hedge reserve £'m	Capital redemption reserve £'m	Warrant reserve £'m	Retained earnings £'m	Total equity £'m
As at 24 February 2019	17.3	385.6	(774.3)	5.1	5.7	3.1	160.3	(197.2)
Comprehensive income								
Profit for the period	-	-	-	-	-	-	1.6	1.6
Total profit for the period	-	-	-	-	-	-	1.6	1.6
Other comprehensive income								
Cash flow hedges								
- fair value gain in the period	-	-	-	4.5	-	-	-	4.5
- transfers to inventory	-	-	-	(0.8)	-	-	-	(0.8)
- tax element of cash flow hedges	-	-	-	(0.6)	-	-	-	(0.6)
Total cash flow hedges, net of tax	-	-	-	3.1	-	-	-	3.1
Total other comprehensive income, net of tax	-	-	-	3.1	-	-	-	3.1
Transactions with owners								
Fair value charge for subscription for 'B' shares	-	-	-	-	-	-	0.3	0.3
Repurchase of own shares	-	-	-	-	-	-	(0.3)	(0.3)
Total transactions with owners	-	-	-	-	-	-	-	-
As at 30 November 2019	17.3	385.6	(774.3)	8.2	5.7	3.1	161.9	(192.5)

Missouri Topco Limited

Condensed consolidated statement of changes in shareholders' equity (continued)

Group	Share capital £'m	Share premium £'m	Merger reserve £'m	Hedge reserve £'m	Capital redemption reserve £'m	Warrant reserve £'m	Retained earnings £'m	Total equity £'m
As at 29 February 2020	17.3	385.6	(774.3)	12.0	5.7	3.1	143.6	(207.0)
Comprehensive expenditure								
Loss for the period	-	-	-	-	-	-	(73.3)	(73.3)
Total loss for the period	-	-	-	-	-	-	(73.3)	(73.3)
Other comprehensive expenditure								
Cash flow hedges								
- fair value loss in the period	-	-	-	(17.4)	-	-	-	(17.4)
- transfers to inventory	-	-	-	4.8	-	-	-	4.8
- tax element of cash flow hedges	-	-	-	2.1	-	-	-	2.1
Total cash flow hedges, net of tax	-	-	-	(10.5)	-	-	-	(10.5)
Total other comprehensive expenditure, net of tax	-	-	-	(10.5)	-	-	-	(10.5)
Transactions with owners								
Fair value charge for subscription for 'B' shares	-	-	-	-	-	-	0.3	0.3
Total transactions with owners	-	-	-	-	-	-	0.3	0.3
As at 28 November 2020	17.3	385.6	(774.3)	1.5	5.7	3.1	70.6	(290.5)

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 Perimeter Road, Knowsley Industrial Park, Liverpool, L33 7SZ.

These condensed consolidated interim financial statements were approved for issue on 18 January 2021.

2. Summary of accounting policies and new standards

Basis of preparation

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements (the policy for recognising and measuring income taxes in the period is described in note 5).

3. Operating profit

	13 weeks ended 28 November 2020 £'m	13 weeks ended 30 November 2019 £'m	39 weeks ended 28 November 2020 £'m	40 weeks ended 30 November 2019 £'m	53 weeks ended 29 February 2020 £'m
Total Revenue	244.8	311.7	578.1	877.2	1,129.4
Cost of goods sold	(122.7)	(165.7)	(322.5)	(473.0)	(620.7)
Selling expenses	(68.8)	(85.8)	(192.3)	(253.7)	(330.4)
Distribution expenses	(11.3)	(12.7)	(29.1)	(37.9)	(48.5)
Exceptional items – distribution expenses	-	(1.0)	-	(1.0)	(1.0)
Total cost of sales	(202.8)	(265.2)	(543.9)	(765.6)	(1,000.6)
Gross profit	42.0	46.5	34.2	111.6	128.8
Administrative expenses - pre exceptional items	(14.6)	(15.6)	(43.0)	(45.5)	(58.9)
Exceptional items- administrative (expenses)/ income	(0.9)	-	(0.8)	0.9	(0.6)
Administrative expenses	(15.5)	(15.6)	(43.8)	(44.6)	(59.5)
Operating profit/ (loss)	26.5	30.9	(9.6)	67.0	69.3

Further details of exceptional items are given in note 12.

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, and online.

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 consolidated interim 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:

	13 weeks ended 28 November 2020 under IFRS 16 £'m	13 weeks ended 30 November 2019 under IFRS 16 £'m	39 weeks ended 28 November 2020 under IFRS 16 £'m	40 weeks ended 30 November 2019 under IFRS 16 £'m	53 weeks ended 29 February 2020 under IFRS 16 £'m
Operating profit/ (loss)	26.5	30.9	(9.6)	67.0	69.3
Depreciation and amortisation	26.7	27.1	81.2	85.1	112.1
Exceptional items	0.9	1.0	0.8	0.1	1.6
EBITDA pre exceptionals	54.1	59.0	72.4	152.2	183.0

Reconciliation to IAS 17 EBITDA

EBITDA pre exceptionals under IFRS 16	54.1	59.0	72.4	152.2	183.0
Increase in cost of sales	(25.2)	(25.2)	(75.7)	(76.9)	(102.4)
Increase in administrative expenses	(0.1)	(0.1)	(0.3)	(0.3)	(0.3)
EBITDA pre exceptionals under IAS 17	28.8	33.7	(3.6)	75.0	80.3

The performance of the Group is subject to seasonal peaks. The Group traditionally performs well during the 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.

Missouri Topco Limited

Notes to the financial statements (continued)

5. Income tax

Income tax for the 13 week period ended 28 November 2020 is credited at 88.2% and for the 39 week period ended 28 November 2020 at 4.4% (13 weeks ended 30 November 2019: 2.1%; 40 weeks ended November 2019: 220%, 53 weeks ended 29 February 2020: 8.2%) applied to the pre-tax profit and loss for the 13 week period, and for the 39 week period respectively.

The effective annual income tax credit of 7.3% is lower than the standard rate of corporation tax in the UK of 19.0% at the end of November 2020 (November 2019: 19.0%, February 2020: 19.0%). The key reconciling items relate to non-deductible expenses. The rate of corporation tax is based on a weighted average rate. A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The reduction to 17% was withdrawn following publication of the Finance Bill on 19 March 2020.

6. Financial liabilities – borrowings

	28 November 2020	30 November 2019	29 February 2020
	£'m	£'m	£'m
Non-current			
6.75% First Lien Secured Notes (net of £2.0m issue costs (November 2019: £2.9m; February 2020 £2.6m)) maturity date 2023	(348.0)	(347.1)	(347.4)
9.5% Second Lien Secured Notes (net of £0.9m issue costs (November 2019: £1.2m; February 2020 £1.1m)) maturity date 2024	(79.1)	(128.8)	(128.9)
9.5% Shareholder Notes (net of £0.4m issue costs (November 2019: £nil; February 2020 £nil)) maturity date 2024	(49.6)	-	-
16.5% 1.5 lien secured notes (net of £6.6m issue costs (November 2019: £nil; February 2020 £nil)) maturity date 2022	(21.1)	-	-
CLBILS (net of £3.6m issue costs (November 2019: £nil; February 2020 £nil)) maturity date 2022	(21.4)	-	-
	(519.2)	(475.9)	(476.3)

Borrowings are all denominated in sterling at 28 November 2020. Issue costs of £6.2m 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.

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

During the quarter ended 29 August 2020 the Group issued £27.7m 1.5 lien secured notes and received £25m in CLBILS. Issue costs were incurred of £13.2m in relation to the 1.5 lien secured notes and CLBILS, and are being amortised over the terms of the facilities.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. In the 52 week period ending 24 February 2018 the Group issued £350.0m First Lien secured notes due 2023 and £130.0m Second Lien unsecured notes due 2024. In the 39 week period ended 28 November 2020 the Group issued £27.7m 1.5 lien secured notes and £25.0m CLBILS due 2022. In addition, during the 39 week period ended 28 November 2020 the Group subordinated £50.0m of the Second Lien unsecured notes, held by shareholders of the company.

Missouri Topco Limited

Notes to the financial statements (continued)

6. Financial liabilities – borrowings (continued)

Maturity of Secured Notes

	28 November 2020 £'m	30 November 2019 £'m	29 February 2020 £'m
Less than one year	-	-	-
One to five years	532.7	480.0	480.0
Five to ten years	-	-	-
	532.7	480.0	480.0
Unamortised issue costs	(13.5)	(4.1)	(3.7)
	519.2	475.9	476.3
Current	-	-	-
Non-current	519.2	475.9	476.3
	519.2	475.9	476.3

Borrowing facilities

At 28 November 2020 the table below reflects the usage of the Revolving Credit Facilities (RCF). These facilities are subject to an annual review and incur fees at market rates.

	28 November 2020 £'m	30 November 2019 £'m	29 February 2020 £'m
Letters of credit	7.5	2.2	1.7
Guarantees	8.3	8.2	8.3
Overdraft	31.8	-	-
Unused	2.4	39.6	40.0
Total available	50.0	50.0	50.0

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

7. Derivative financial instruments

Forward foreign exchange contracts

The total principal value of forward foreign exchange contracts at 28 November 2020 is £404.9m (30 November 2019: £494.7m; 29 February 2020: £550.3m).

The net fair value of losses as at 28 November 2020 on open forward foreign exchange contracts that hedge the foreign currency risk of purchases is £12.2m (30 November 2019: gains of £12.1m; 29 February 2020: gains of £19.2m). 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. Cash flow from operating activities

Reconciliation of operating profit to net cash flow from operating activities:

	13 weeks ended 28 November 2020	13 weeks ended 30 November 2019	39 weeks ended 28 November 2020	40 weeks ended 30 November 2019	53 weeks ended 29 February 2020
	£'m	£'m	£'m	£'m	£'m
Cash generated from operations					
Operating profit/(loss)	26.5	30.9	(9.6)	67.0	69.3
Adjustments for:					
Depreciation	23.8	24.8	73.3	77.4	102.0
Amortisation of intangibles	2.9	2.3	7.9	7.7	10.1
Loss on disposal of property, plant and equipment	-	-	-	-	-
Non cash exceptional items	-	-	(0.4)	-	-
Share based compensation charge	0.1	0.1	0.3	0.3	0.4
Hedge accounting	(0.8)	(0.1)	(0.2)	(0.1)	-
Operating cash flows before movements in working capital	52.5	58.0	71.3	152.3	181.8
Movements in working capital:					
Increase in inventories	(42.9)	(15.4)	(9.1)	(24.6)	(1.3)
Increase in trade and other receivables	(13.5)	(8.8)	(11.2)	(10.3)	(4.5)
Increase in trade and other payables	71.3	0.5	74.4	21.5	7.7
Net cash flows from operating activities	67.4	34.3	125.4	138.9	183.7

Missouri Topco Limited

Notes to the financial statements (continued)

9. Reconciliation of net debt

Net funds incorporate notes in issue, less cash and cash equivalents.

	Net debt at 29 February 2020	Cash movements	Non cash movements	Net debt at 28 November 2020
	£'m	£'m	£'m	£'m
Cash and cash equivalents	61.2	123.7	-	184.9
Debt due within 1 year	-	(31.8)	-	(31.8)
Debt due after 1 year	(476.3)	(39.0)	(3.9)	(519.2)
	(415.1)	52.9	(3.9)	(366.1)

10. 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.

11. Related party transactions

The Group purchased from and provided IT services to companies associated with the Hargreaves family. The expenditure incurred during the 13 week period ended 28 November 2020 was £1.4m and in the 39 week period ended 28 November 2020 was £3.0m (13 weeks ending 30 November 2019: £0.8m; 40 weeks ending 30 November 2019: £2.4m; 53 weeks ended 23 February 2020: £3.2m) of which £0.4m was outstanding at 28 November 2020 (30 November 2019: £0.3m; 29 February 2020: £0.3m).

The Group purchased clothing for resale from companies associated with the Hargreaves family. Purchases during the 13 week period ended 28 November 2020 were £nil and in the 39 week period to 28 November 2020 £nil (13 weeks ending 30 November 2019: £nil; 40 weeks ended 30 November 2019: £2.6m; 53 weeks ended 29 February 2020: £2.1m) of which £nil was outstanding at 28 November 2020 (30 November 2019: £nil; 29 February 2020: £nil).

The Group used the clothing design services of companies associated with the Hargreaves family. The expenditure incurred during the 13 week period ended 28 November 2020 was £nil and in the 39 weeks ended 28 November 2020 £0.2m (13 weeks ending 30 November 2019: £0.1m; 40 weeks ended 30 November 2019: £0.2m; 53 weeks ended 29 February 2020: 0.4m) of which £nil was outstanding at 28 November 2020 (30 November 2019: £nil; 29 February 2020: £nil).

During the 13 week period ended 28 November 2020 a member of the Hargreaves family was paid £nil and in the 39 week period ended 28 November 2020 £nil (13 weeks ending 30 November 2019: £nil; 40 weeks ending 30 November 2019: £0.1m 53 weeks ended 29 February 2020: £0.1m).

The Group incurred costs relating to the Hargreaves family and associated companies. The expenditure incurred during the 13 week period ended 28 November 2020 was £0.1m and in the 39 week period ended 28 November 2020 £0.2m (13 weeks ending 30 November 2019: £0.2m; 40 weeks to 30 November 2019: £0.6m; 53 weeks ended 29 February 2020: £0.7m) of which £0.2m was outstanding at 28 November 2020 (30 November 2019: £0.3m, 29 February 2020: £nil).

Missouri Topco Limited

Notes to the financial statements (continued)

12. Exceptional items

Exceptional items are comprised as follows:

	13 weeks ended 28 November 2020 £'m	13 weeks ended 30 November 2019 £'m	39 weeks ended 28 November 2020 £'m	40 weeks ended 30 November 2019 £'m	53 weeks ended 29 February 2020 £'m
Industrial action costs	-	(1.0)		(1.0)	(1.0)
Exceptional items - cost of sales	-	(1.0)	-	(1.0)	(1.0)
Restructuring costs	(0.9)	-	(1.2)	-	(0.6)
Other income	-	-	0.4	0.9	-
Exceptional items - administrative expenses	(0.9)	-	(0.8)	0.9	(0.6)
Finance Expense	-	-	(0.8)	-	-
Exceptional items – Finance Expense	-	-	(0.8)	-	-
Total exceptional items	(0.9)	(1.0)	(1.6)	(0.1)	(1.6)

Restructuring costs

£0.9m restructuring costs were incurred during the 13 week period ended 28 November 2020 and £1.2m in the 39 week period ending 28 November 2020 (13 week period ended 30 November 2019: £nil 40 week period ended 30 November 2019: £nil; 53 week period ended 29 February 2020: £0.6m).

Finance expense

During the 13 week period ended 28 November 2020 the group recognised £nil of exceptional finance expenses in relation to refinancing and £0.8m in the 39 week period ending 28 November 2020 (13 week period ended 30 November 2019: £nil; 40 week period ended 30 November 2019: £nil; 53 week period ended 29 February 2020: £nil).

Other income

During the 13 week period ended 28 November 2020 the group recognised £nil other income and £0.4m in the 39 week period ended 28 November in relation to the release of an onerous provision no longer required.