REGISTERED NUMBER: 04730752

THE VERY GROUP LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the 3 months ended 30 September 2020

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INTERIM RESULTS STATEMENT

The directors present their interim results statement of The Very Group Limited and its subsidiaries ("the Group") for the three month period ended 30 September 2020.

Review of the business

Whilst continuing to operate through the Covid-19 pandemic, our business has continued to prove its adaptability and resilience, as demonstrated by our Q1 FY21 results. At The Very Group, the safety and well-being of our colleagues and customers remains our priority. In line with government guidance we are ensuring the protection of our colleagues whilst we have kept our online store open for customers at a time when they need us as much as ever.

The profit for the period of £7.9m (Q1 FY20: profit of £3.5m) includes pre-exceptional net finance costs of £26.2m (Q1 FY20: £26.3m) and exceptional costs of £5.8m (Q1 FY20: £5.3m). Reported EBITDA before exceptional costs increased 17.8% to £57.6m (Q1 FY20: £48.9m).

Group revenue

Group revenue increased by 7.1% to £466.1m (Q1 FY20: £435.0m). Very.co.uk revenue grew 11.0% to £368.5m (Q1 FY20: £332.0m), benefitting from its combination of famous brands, mobile-first customer experience and options to spread the cost of purchases using credit. Littlewoods revenue was down 5.2% to £97.6m (Q1 FY20: £103.0m).

Retail revenue

Retail revenue increased by 12.8% with our flagship brand Very growing revenue by 20.2%. Our robust business model which offers a multi-category range has continued to provide resilience against adverse movements in individual product categories.

Consumers continue to buy into product categories to support home living and working. Electrical revenue grew by 31.9% in Quarter 1. The strong performance was driven by double digit growth across most categories, with the strongest performances seen in vision, computing, smart-tech and tablets. Home grew by 23.5% in the quarter, driven by customers continuing the trend of purchasing from our home accessories, home furnishings and garden tools ranges. Other categories (which represents 9% of the retail revenue mix, includes toys, gifts, beauty and leisure) grew by 5.4% against prior year, resulting from solid performances across toys, beauty and fragrances, and cycles. Fashion & Sports revenue decreased by 8.6%, which was an improvement on Q4 FY20 decline of 11.0%. Within this, full priced sales have performed well with participation representing 88% of total fashion & sports sales (Q1 FY20: 76%). Sportswear has continued to perform strongly, reporting growth of 7.5%, reflecting a trend towards casualisation.

Financial Services revenue

Financial Services revenue has decreased by 12.9% including a reduction in the volume of administration fees charged in the quarter as a result of a number of accounts remaining on 3 month payment freezes (0.6% of credit accounts at the end of October), which were implemented in response to the onset of Covid-19.

Notes:
1. Q1 FY21 is the 3 months ended 30 September 2020. Q1 FY20 is the 3 months ended 30 September 2019.

INTERIM RESULTS STATEMENT (continued)

Financial Services revenue (continued)

Interest income performance has been impacted by i) higher customer payment rate which has increased by 1.3%pts compared to Q1 FY20, as a proportion of customers have chosen to pay down outstanding debt following an increase to their disposable income during lockdown periods and ii) a number of changes made to the customer journey including ongoing enhancements to approval decisions using the most up-to-date credit bureau data and proactive measures to limit credit increases. These changes, while reducing the Group debtor book and interest income in the short term, are driving an improvement in the quality of the book and margin earned, and we expect to annualise on this revenue impact during FY21. Interest income as a percentage of the average debtor book has consequently decreased by 0.5%pts to 5.4% (Q1 FY20: 5.9%).

Gross profit and costs

Gross margin rate decreased by 1.9%pts to 38.1% (Q1 FY20: 40.0%). Higher underlying retail margin rates, driven by a higher full price mix across all categories, and lower bad debt have been more than offset by lower financial services revenue and the impact on retail margin from a lower mix of fashion & sports sales, as well as the continued brand switch to Very from Littlewoods.

Bad debt expense as a percentage of the debtor book was lower than prior year at 1.4% (Q1 FY20: 2.0%). There has been a continued strong focus on responsible lending and assessment of customer sustainability at both acquisition and during the lifetime of lending.

In line with FCA guidance, a three-month payment freeze for credit customers temporarily affected by Covid-19 was implemented at the onset of Covid-19. This was accounted for within the bad debt provision as if these customers were not on a freeze and followed a normal bad debt profile. As at the end of October, 0.6% of all credit accounts remained on a Covid-19 related payment freeze.

Distribution expenses decreased to £49.1m (Q1 FY20: £50.9m), reflecting the impact of changing product mix, including lower sales of high returning items such as occasionwear. We are also starting to see benefits from the opening of East Midlands Gateway. Administrative expenses before exceptional items, amortisation and depreciation decreased to £71.2m (Q1 FY20: £74.9m) primarily driven by savings made as part of a continued focus on managing the cost base. Total costs as a percentage of revenue decreased to 25.7% (Q1 FY20: 28.8%).

EBITDA

Reported EBITDA before exceptional costs increased 17.8% to £57.6m (Q1 FY20: £48.9m). As a percentage of Group revenue, the EBITDA margin increased 1.2%pts to 12.4% compared to the prior year. The higher EBITDA reflects continued revenue growth and strong cost performance. Underlying EBITDA, which excludes fair value and pension adjustments, increased 16.6% to £59.7m (Q1 FY20: £51.2m).

Finance costs

Pre-exceptional net finance costs of £26.2m are in line with the prior year (Q1 FY20: £26.3m).

Exceptional items

Exceptional items charged to operating profit of £4.6m (Q1 FY20: £4.4m) consists of costs associated with the move to the new fulfilment and returns centre at East Midlands Gateway.

INTERIM RESULTS STATEMENT (continued)

Taxation

The tax charge in the income statement of £0.7m (Q1 FY20: charge £0.8m) includes a current tax charge of £0.4m and a charge of £0.3m in relation to a decrease in the deferred tax asset.

Statement of cash flows

The cash and cash equivalents balance decreased by £85.9m to £120.5m during the quarter (Q1 FY20: cash and cash equivalents increase of £15.4m to £22.6m). The year-on-year decrease is driven by £55.0m proceeds from drawing down on the secured revolving credit facilities in Q1 FY20, investment in stock in Q1 FY21 following a successful Q4 FY20 trading period and ahead of Q2 peak trading, and timing of payments to suppliers, including tax payments delayed in FY20 under the HMRC time to pay scheme.

Cash flows in respect of capital additions for the period of £14.8m (Q1 FY20: £18.3m) across business-as-usual and strategic investments. The year-on-year decrease is driven by timing of investment in strategic projects.

Balance sheet

Increase in equity of £47.3m to £107.9m (30 June 2020: equity £60.6m, 30 September 2019: deficit £85.2m) driven by the profit for the period and a reduction in retirement benefit obligations of £39.9m following the formal agreement reached on 19 August 2020 between the Group and the Trustees of the Scheme with regards to future Company contribution obligations. The revised Schedule of Contributions allows for a single future contribution of £18.7m payable on or before 31 August 2021.

Inventory increased to £113.0m relative to 30 June 2020 (30 June 2020: £65.4m, 30 September 2019: £131.3m) reflecting seasonal uplift in the lead up to peak trading in Quarter 2. Working capital efficiency through inventory management remains a key focus. Trade and other receivables decreased to £2,046.1m (30 June 2020: £2,072.7m, 30 September 2019: £2,077.5m) reflecting seasonal reduction in gross trade debtors. Trade and other payables increased to £545.0m relative to 30 June 2020 (30 June 2020: £533.1m, 30 September 2019: £553.8m) driven by seasonal timing differences.

Securitisation borrowings decreased to £1,372.4m relative to 30 June 2020 (30 June 2020: £1,385.4m, 30 September 2019: £1,327.2), broadly in line with gross trade debtors. The securitisation facility expires in December 2022 for 'AS' Notes (£1,143.3m) and 'AJ' Notes (£181.7m), and December 2023 for 'B' Notes (£105.0m), 'C1' Notes (£105.0m) and 'C2' Notes (£50.0m). The total facility size is £1,585.0m. The securitisation borrowings also include £24.5m per note 9 (30 June 2020: £26.4m, 30 September 2019: £23.9m) relating to the balance sheet receivables of Shop Direct Ireland Limited.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		3 months to 30 Sept 2020			3 months to 30 Sept 2019			Year to 30 June 2020		
	Notes	Pre-exceptional items £'m	Exceptional items(4) £'m	Total £'m	Pre-exceptional items £'m	Exceptional items(4) £'m	Total £'m	Pre-exceptional items £'m	Exceptional items(4) £'m	Total £'m
Revenue	3	466.1	-	466.1	435.0	-	435.0	2,050.7	-	2,050.7
Operating profit	3	40.6	(4.6)	36.0	35.9	(4.4)	31.5	203.8	(38.4)	165.4
Finance income		-	-	-	-	-	-	0.1	-	0.1
Finance costs		(26.2)	(1.2)	(27.4)	(26.3)	(0.9)	(27.2)	(112.9)	(4.2)	(117.1)
Profit before tax		14.4	(5.8)	8.6	9.6	(5.3)	4.3	91.0	(42.6)	48.4
Tax (charge)/credit	7	(1.8)	1.1	(0.7)	(0.8)	-	(0.8)	13.0	8.1	21.1
Profit for the period/year		12.6	(4.7)	7.9	8.8	(5.3)	3.5	104.0	(34.5)	69.5
Profit attributable to equity holders of the Group		12.6	(4.7)	7.9	8.8	(5.3)	3.5	104.0	(34.5)	69.5

(4) – See note 4 - Exceptional items

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months to 30 Sept 2020 £'m	3 months to 30 Sept 2019 £'m	Year to 30 June 2020 £'m
Profit for the period/year	7.9	3.5	69.5
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement on retirement benefit obligations before tax	40.3	-	(21.7)
Income tax effect	(0.1)	(0.1)	1.4
Other comprehensive income/(expense)	40.2	(0.1)	(20.3)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation loss	(0.8)	(0.1)	(0.1)
Other comprehensive income/(expense)	39.4	(0.2)	(20.4)
Total comprehensive income attributable to:			
Owners of the company	47.3	3.3	49.1

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 Sept 2020 £'m	30 Sept 2019 £'m	30 June 2020 £'m
Assets				
Non-current assets				
Goodwill		202.5	202.5	202.5
Other intangible assets		237.0	220.5	238.0
Property, plant and equipment		10.6	9.5	9.1
Right-of-use assets		142.3	77.5	146.2
Deferred tax asset		172.8	148.7	173.2
		765.2	658.7	769.0
Current assets				
Inventories		113.0	131.3	65.4
Trade and other receivables	6	2,046.1	2,077.5	2,072.7
Income tax asset		-	0.3	0.3
Cash at bank	10	120.5	30.2	206.4
Derivative financial instruments	5	-	3.4	2.5
		2,279.6	2,242.7	2,347.3
Total assets		3,044.8	2,901.4	3,116.3
Equity and liabilities				
Equity				
Share capital	11	(200.0)	(100.0)	(200.0)
Accumulated deficit		92.1	185.2	139.4
Total (equity)/deficit		(107.9)	85.2	(60.6)
Non-current liabilities				
Loans and borrowings	9	(550.0)	(550.0)	(550.0)
Securitisation facilities	9	(1,327.4)	(1,327.2)	(1,385.4)
Retirement benefit obligations	12	(19.6)	(56.9)	(59.5)
Deferred income		(28.3)	(33.6)	(30.7)
Lease liabilities		(146.0)	(73.9)	(151.3)
Provisions	8	-	(17.2)	(0.6)
		(2,071.3)	(2,058.8)	(2,177.5)
Current liabilities				
Trade and other payables		(545.0)	(553.8)	(533.1)
Loans and borrowings	9	(150.0)	(157.6)	(150.0)
Lease liabilities		(13.0)	(8.8)	(14.3)
Deferred income		(54.4)	(60.9)	(55.6)
Provisions	8	(103.0)	(146.7)	(125.2)
Derivative financial instruments	5	(0.2)	-	-
		(865.6)	(927.8)	(878.2)
Total liabilities		(2,936.9)	(2,986.6)	(3,055.7)
Total equity and liabilities		(3,044.8)	(2,901.4)	(3,116.3)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'m	Retained earnings £'m	Total £'m
Changes in equity for the 3 months to 30 September 2020			
Balance as at 1 July 2020	200.0	(139.4)	60.6
Profit for the period	-	7.9	7.9
Other comprehensive income	-	39.4	39.4
Total comprehensive income	-	47.3	47.3
Balance at 30 September 2020	200.0	(92.1)	107.9
Changes in equity for the 3 months to 30 September 2019			
Balance as at 1 July 2019	100.0	(188.5)	(88.5)
Profit for the period	-	3.5	3.5
Other comprehensive expense	-	(0.2)	(0.2)
Total comprehensive income	-	3.3	3.3
Balance at 30 September 2019	100.0	(185.2)	(85.2)
Changes in equity for the year to 30 June 2020			
Balance as at 1 July 2019	100.0	(188.5)	(88.5)
Issue of share capital	100.0	-	100.0
Profit for the year	-	69.5	69.5
Other comprehensive expense	-	(20.4)	(20.4)
Total comprehensive income	-	49.1	149.1
Balance at 30 June 2020	200.0	(139.4)	60.6

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months to 30 Sept 2020 £'m	3 months to 30 Sept 2019 £'m	Year to 30 June 2020 £'m
Cash flows from operating activities			
Profit for the period/year	7.9	3.5	69.5
Adjustments for:			
Depreciation	4.0	2.5	13.4
Amortisation	13.2	11.0	46.2
Financial instrument net losses through profit and loss	2.7	1.4	2.3
Impairment of assets	-	0.5	5.7
Finance income	-	-	(0.1)
Finance costs	27.4	27.2	115.6
Income tax charge/(credit)	0.7	0.8	(21.1)
Decrease in provisions	(22.8)	(33.7)	(71.8)
Adjustments for pensions	1.0	-	(16.0)
Operating cash flows before movements in working capital	34.1	13.2	143.7
(Increase)/decrease in inventories	(47.6)	(37.1)	28.8
Decrease in trade and other receivables	26.2	25.6	26.5
(Decrease)/increase in trade and other payables	(2.8)	38.2	23.8
Cash generated by operations	9.9	39.9	222.8
Income taxes paid	(0.1)	(0.1)	(0.4)
Interest paid	(16.9)	(14.4)	(107.4)
Net cash (outflows)/inflows from operating activities	**(7.1)**	**25.4**	**115.0**

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	3 months to 30 Sept 2020 £'m	3 months to 30 Sept 2019 £'m (restated)*	Year to 30 June 2020 £'m
Net cash (outflows)/inflows from operating activities	**(7.1)**	**25.4**	**115.0**
Cash flows from investing activities			
Interest received	-	-	0.1
Acquisitions of property plant and equipment	-	-	(1.0)
Acquisitions of intangible assets	(14.8)	(18.3)	(73.1)
Net cash outflows from investing activities	(14.8)	(18.3)	(74.0)
Cash flows from financing activities			
Issue of share capital	-	-	100.0
Payments of lease liabilities	(6.0)	(1.3)	(9.6)
(Repayments of)/proceeds from securitisation facility	(58.0)	(45.4)	12.8
Proceeds from secured revolving credit facility	-	55.0	55.0
Net cash (outflows)/inflows from financing activities	(64.0)	8.3	158.2
Net (decrease)/increase in cash and cash equivalents	(85.9)	15.4	199.2
Opening cash and cash equivalents	206.4	7.2	7.2
Closing cash and cash equivalents	120.5	22.6	206.4

*The restatement of the prior year figures in the cash flow statement is presentational only and is explained in note 2.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Very Group Limited is a private company limited by share capital, incorporated and domiciled in England and Wales under the Companies Act. The address of its registered office is First Floor, Skyways House, Speke Road, Speke, Liverpool L70 1AB.

These condensed consolidated interim financial statements were approved for issue on 19 November 2020.

2. Summary of accounting policies

Basis of preparation

This condensed set of financial statements for the three months ended 30 September 2020 should be read in conjunction with the annual financial statements for the year ended 30 June 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

The financial information for the year ended 30 June 2020 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of those accounts, prepared under International Financial Reporting Standards (IFRSs) as adopted by the EU, will be delivered to the Registrar of Companies. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The annual financial statements of the Group for the year ended 30 June 2021 will be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This condensed set of financial statements has been prepared applying the accounting policies and presentation that will be applied in the preparation of the Group's consolidated financial statements for the year ended 30 June 2021.

The financial statements are drawn up to the Saturday nearest to 30 June or 30 September, or to 30 June or 30 September where this falls on a Saturday.

Going concern

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities together with factors likely to affect its future development, performance and financial position including cash flows, liquidity and borrowing facilities and the principal risks and uncertainties relating to its business activities. Given the current uncertain economic climate, realistic assumptions for working capital performance have been used to determine the level of financial resources available to the Group and to assess liquidity risk. The key risk identified for these assumptions is the impact that a deterioration in the economic climate would have on revenues and the debtor book.

The Group has carefully considered its cash flows and banking covenants for the 12 months from the date of issue of these interim financial statements. These have been considered in conjunction with the current economic climate, including the Covid-19 pandemic.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Summary of accounting policies (continued)

Going concern (continued)

As a result of the Covid-19 pandemic, the Group has experienced the following:

- A shift in sales out of fashion and into the likes of electrical and home categories;
- In line with other companies, and per FCA guidance the Group has granted customers adversely impacted by Covid-19 the ability to take a 3 month payment freeze. At its peak 2% of customer accounts were utilising this facility and currently 0.6% of accounts remain on a payment freeze. Despite this, customer payment rates since the onset of Covid-19 have been and remain at historically high levels.

The Group has continued to trade effectively throughout the pandemic with the online store remaining open and office-based colleagues working from home. Actions taken by the Group have included cost reduction, tight management of capital spend and inventory management. The multi-category offering has provided resilience against movements in individual product categories and there has been an increase in customer account applications, including credit accounts. Due to the strong trading performance during the lockdown period the Group opted not to draw on the Government's Coronavirus Job Retention Scheme. Despite its significant negative economic and social impact, Covid-19 has accelerated online retail growth and increased consumers' appetite for flexible ways to pay, as well as led more brands to look for new online sales and distribution channels. The Group is well placed to capitalise on these trends and the unique opportunities we have as a business in the years to come.

There are clearly challenges in quantifying the expected future impact of Covid-19 on the Group. However, Group forecasts have been stress tested for a number of scenarios and the Group has deployed strategies and tools to closely manage cash flow and mitigate any issues.

Following the work undertaken by the Group the Directors are confident that the Group has sufficient liquidity for the next 12 months, and they are confident the Group will satisfy covenant requirements. Forecasts have been stress tested with sensitivities around reductions in revenue, deterioration in customer payments and increased write offs of trade receivables. Significant positive headroom remains under each of the scenarios. Reverse stress testing has also been applied to the forecasts which represent a significant deterioration in the key assumptions from the base case forecasts. The reverse stress test scenarios are considered to be remote. Trading to date remains significantly better than the Group stress test scenario.

After making appropriate enquiries the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Summary of accounting policies (continued)

Prior period restatement

In the prior period interim financial statements, the Group presented cash movements in relation to the secured revolving credit facility within the cash and cash equivalents balance. As per IAS 7, these amounts do not meet the definition of cash and cash equivalents and the cash flows associated with this facility should be treated as a financing cash flow.

The prior year figures for the 3 months to 30 September 2019 have been adjusted to increase the closing cash and cash equivalents line within the Unaudited Condensed Consolidated Cash Flow Statement by £150.0m. The financing activities have been increased by £55.0m which reflects the increase in the secured revolving credit facility during the prior period.

Extracts from Consolidated Statement of Cash Flows:

	£ m
Net cash flows from financing activities as previously reported	(46.7)
Proceeds from secured revolving credit facility	55.0
Net cash flows from financing activities (restated)	8.3

	£ m
Net cash and cash equivalents at 1 July 2019 as previously reported	(87.8)
Add back amounts payable for secured revolving credit facility	95.0
Net cash and cash equivalents at 1 July 2019 (restated)	7.2

	£ m
Net cash and cash equivalents at 30 September 2019 as previously reported	(127.4)
Add back amounts payable for secured revolving credit facility	150.0
Net cash and cash equivalents at 30 September 2019 (restated)	22.6

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Segmental analysis

By business segment

	3 months to 30 Sept 2020 £'m	3 months to 30 Sept 2019 £'m	Year to 30 June 2020 £'m
Analysis of revenue:			
Very†	368.5	332.0	1,589.8
Littlewoods◊	97.6	103.0	460.9
	466.1	435.0	2,050.7
Gross profit	177.6	174.0	747.9
Distribution costs excluding depreciation	(49.1)	(50.9)	(227.3)
Administrative costs excluding depreciation and amortisation	(71.2)	(74.9)	(263.7)
Other operating income	0.3	0.7	2.2
Pre-exceptional EBITDA*:			
Very†	83.7	80.3	329.4
Littlewoods◊	25.4	24.9	116.6
Central costs	(51.5)	(56.3)	(186.9)
	57.6	48.9	259.1
Exceptional items	(4.6)	(4.4)	(38.4)
Depreciation	(3.8)	(2.0)	(9.1)
Amortisation	(13.2)	(11.0)	(46.2)
Operating profit	36.0	31.5	165.4
Finance income	-	-	0.1
Finance costs	(26.2)	(26.3)	(112.9)
Exceptional finance costs	(1.2)	(0.9)	(4.2)
Profit before taxation	8.6	4.3	48.4

The analysis above is in respect of continuing operations.

* Pre-exceptional EBITDA is defined as operating profit from continuing operations before amortisation of intangible assets, depreciation and exceptional items.
† Very revenue includes Very.co.uk and VeryExclusive.co.uk.
◊ Littlewoods revenue includes Littlewoods.com and LittlewoodsIreland.ie.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Segmental analysis (continued)

By geographical location of destination

	3 months to 30 Sept 2020 £'m	3 months to 30 Sept 2019 £'m	Year to 30 June 2020 £'m
Revenue:			
United Kingdom	446.7	418.6	1,957.2
Rest of World	19.4	16.4	93.5
	466.1	435.0	2,050.7
Operating profit:			
United Kingdom	33.4	31.1	156.6
Rest of World	2.6	0.4	8.8
	36.0	31.5	165.4

The analysis above is in respect of continuing operations.

Turnover by origin is not materially different from turnover by destination.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Exceptional items before tax

	3 months to 30 Sept 2020 £'m	3 months to 30 Sept 2019 £'m	Year to 30 June 2020 £'m
Regulatory costs and associated administrative expenses	-	-	15.0
Restructuring costs	-	1.6	10.4
New fulfilment centre	4.6	2.5	20.9
Covid-19 costs	-	-	2.9
Impairment of tangible fixed assets	-	-	3.4
Professional fees	-	0.3	6.9
Pension scheme past service credit	-	-	(21.1)
Charged to operating profit	4.6	4.4	38.4
Exceptional finance costs	1.2	0.9	4.2
	5.8	5.3	42.6

During the year ended 30 June 2020 there was an increase in the customer redress claims provision of £15.0m to recognise the remaining cost of settling all outstanding claims. The remaining provision of £90.6m at 30 September 2020 is expected to be fully utilised within 12 months.

The restructuring costs for the year ended 30 June 2020 reflect expenditure on the rationalisation of processes and functions within The Very Group.

On 11 April 2018 the Group announced a proposal to upgrade its fulfilment capabilities by creating an automated 850,000 square foot distribution and returns centre in the East Midlands. The Group has begun to exit its existing fulfilment sites in Greater Manchester, a process which began in mid-2020. As the Group is dual running multiple sites, all running costs for the East Midlands site including depreciation and finance costs related to the site's leases have been included in exceptional costs up until the point at which the site became fully operational. Once the site became the Group's principal distribution centre, during the current period, running costs associated with the East Midlands site began to be charged to normal operating profit, with any remaining running costs for the sites that are being exited being charged to exceptional costs.

The Covid-19 pandemic and resulting 'lockdown' had a significant impact on the Group. As such, during the year ended 30 June 2020 the Group incurred additional costs which were directly related to the pandemic. Given that these costs were one-off in nature and material they were separately categorised as exceptional.

An impairment charge of £3.4m was recognised during the year ended 30 June 2020 relating to the impairment of the Group's customer care centre in Aintree which will be closed during 2021 as a result of the shift to home-working which the Group decided to adopt on a permanent basis in June 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Exceptional items before tax (continued)

The professional fees in the year ended 30 June 2020 related to corporate projects. These costs were included within exceptionals as they occur infrequently and are not part of underlying business performance.

During the year ended 30 June 2020 there was a £21.1m credit with respect to Gross Minimum Pensions (GMP) equalisation of The Littlewoods Pensions Scheme ("Scheme") which was recognised as an exceptional past service credit.

5. Derivative financial instruments

At the balance sheet date details of outstanding forward exchange contracts that the Group has committed to are as follows:

	30 Sept 2020 £'m	**30 Sept 2019 £'m**	**30 June 2020 £'m**
Notional amount – Sterling contract value	74.2	104.8	62.5
Fair value of (liability)/asset recognised	(0.2)	3.4	2.5

Changes in the fair value of derivative financial instruments amounted to a loss of £2.7m in the period (3 months to 30 September 2019: loss of £1.4m), which is included in administrative expenses.

The fair value of foreign currency derivatives contracts is their market value at the balance sheet date. Market values are based on the duration of the derivative instrument together with the quoted market data including interest rates, foreign exchange rates and market volatility at the balance sheet date.

The financial instruments that are measured subsequent to initial recognition at fair value are all grouped into Level 2 – directly observable market inputs other than Level 1 inputs. There were no transfers between Level 1 – quoted prices for similar instruments and Level 2 during the year.

6. Trade and other receivables

	30 Sept 2020 £'m	**30 Sept 2019 £'m**	**30 June 2020 £'m**
Trade receivables	1,295.8	1,330.8	1,330.6
Amounts owed by group undertakings (note 13)	524.9	518.3	522.3
Prepayments and other receivables	225.4	228.4	219.8
	2,046.1	2,077.5	2,072.7

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Taxation

The taxation charge for the 3 months to 30 September 2020 is based on the estimated tax rate for the full year to 30 June 2020 of 19.0% (3 months to 30 September 2019: 19.0%).

	3 months to 30 Sept 2020 £'m	3 months to 30 Sept 2019 £'m	Year to 30 June 2020 £'m
Current taxation			
UK corporation tax	(0.1)	(0.4)	(0.4)
Foreign tax	(0.3)	(0.2)	(1.2)
Total current income tax	(0.4)	(0.6)	(1.6)
Deferred tax			
Arising from origination and reversal of temporary differences	(0.3)	(0.2)	5.7
Impact of rate change	-	-	17.0
	(0.3)	(0.2)	22.7
Tax (charge)/credit in the income statement	(0.7)	(0.8)	21.1

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Provisions

	Warranties £'m	Restructuring £'m	Regulatory £'m	Total £'m
At 1 July 2020	0.8	23.9	101.1	125.8
Increase in provisions	-	-	-	-
Provisions utilised	-	(12.3)	(10.5)	(22.8)
At 30 September 2020	0.8	11.6	90.6	103.0
Non-current	-	-	-	-
Current	0.8	11.6	90.6	103.0
	0.8	11.6	90.6	103.0

	Warranties £'m	Restructuring £'m	Regulatory £'m	Total £'m
At 1 July 2019	0.8	22.2	174.6	197.6
Increase in provisions	-	1.0	-	1.0
Provisions utilised	-	(2.6)	(32.1)	(34.7)
At 30 September 2019	0.8	20.6	142.5	163.9
Non-current	-	17.2	-	17.2
Current	0.8	3.4	142.5	146.7
	0.8	20.6	142.5	163.9

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Provisions (continued)

	Warranties £'m	Restructuring £'m	Regulatory £'m	Total £'m
At 1 July 2019	0.8	22.2	174.6	197.6
Increase in provisions	-	5.6	15.0	20.6
Provisions utilised	-	(3.9)	(88.5)	(92.4)
At 30 June 2020	0.8	23.9	101.1	125.8
Non-current	-	0.6	-	0.6
Current	0.8	23.3	101.1	125.2
	0.8	23.9	101.1	125.8

9. Borrowings

	30 Sept 2020 £'m	30 Sept 2019 £'m	30 June 2020 £'m
Secured non-current loans and borrowings at amortised cost			
Securitisation facility	1,327.4	1,327.2	1,385.4
Senior secured notes	550.0	550.0	550.0
	1,877.4	1,877.2	1,935.4
Current loans and borrowings at amortised cost			
Secured revolving credit facility	150.0	150.0	150.0
Unsecured bank overdrafts	-	7.6	-
	150.0	157.6	150.0

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Borrowings (continued)

The underlying currency of the unsecured bank overdrafts of £nil (30 September 2019: £7.6m) is Euros. Within the securitisation facility £24.5m (30 September 2019: £23.9m) is denominated in Euros. The underlying currency of all the other borrowings and overdrafts is Sterling.

	30 Sept 2020 £'m	**30 Sept 2019 £'m**	**30 June 2020 £'m**
The borrowings are repayable as follows:			
Within one year	150.0	157.6	150.0
In the second year	-	-	-
In the third to fifth year	1,877.4	1,877.2	1,935.4
Over five years	-	-	-
Amount due for settlement after one year	1,877.4	1,877.2	1,935.4

The principal features of the Group's borrowings are as follows:

(a) The Group has drawn £1,302.9m (30 September 2019: £1,303.3m) on its UK securitisation facility. This is secured by a charge over certain eligible trade debtors of the Group and is without recourse to any of the other Group assets. The securitisation facility expires in December 2022 for 'AS' Notes (£1,143.3m) and 'AJ' Notes (£181.7m), and December 2023 for 'B' Notes (£105.0m), 'C1' Notes (£105.0m) and 'C2' Notes (£50.0m). The total facility size is £1,585.0m.

(b) The Group has senior secured notes of £550.0m, at 7.75%, due November 2022 with a secured revolving credit facility of £150.0m of which £150.0m was drawn down at 30 September 2020 (30 September 2019: £150.0m).

(c) The Group has an Irish securitisation facility against which it has drawn down £24.5m (30 September 2019: £23.9m), secured by a charge over certain eligible trade debtors of the Group. The facility has a total maximum commitment of €35.0m which expires in December 2028.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Reconciliation of net cash and cash equivalents

	30 Sept 2020 £'m	30 Sept 2019 £'m	30 June 2020 £'m
Cash at bank	120.5	30.2	206.4
Bank overdrafts	-	(7.6)	-
Net cash and cash equivalents in statement of cash flows	120.5	22.6	206.4

Cash and cash equivalents comprise cash net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to fair value.

11. Share capital

Allotted, called up and fully paid shares

	30 Sept 2020		30 Sept 2019		30 June 2020	
	No. m	£'m	No. m	£'m	No. m	£'m
Ordinary shares of £1 each	200	200	100	100	200	200

12. Pension schemes

On 19 August 2020 formal agreement was reached between the Group and the Trustees of The Littlewoods Pensions Scheme ("Scheme") with regards to future Company Scheme contribution obligations. This has been documented in a revised Schedule of Contributions, which allows for a single future contribution of £18.7m payable on or before 31 August 2021. This has reduced the Scheme liability by £40.1m as at 30 September 2020. A split of the liability on the balance sheet is as follows:

	30 Sept 2020 £'m	30 Sept 2019 £'m	30 June 2020 £'m
Scheme - defined benefit pension scheme deficit	(17.8)	(55.1)	(57.9)
UURBS and Ex-gratia - present value of scheme liabilities	(1.8)	(1.8)	(1.6)
Retirement benefit obligations	(19.6)	(56.9)	(59.5)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have not been disclosed. Transactions between the Group and its fellow group companies are disclosed below.

During the year, Group companies entered into the following transactions with fellow group companies and related parties who are not members of The Very Group Limited Group:

Recharged costs

	30 Sept 2020 £'m	30 Sept 2019 £'m	30 June 2020 £'m
Yodel Delivery Network Limited	0.4	0.7	4.2
Arrow XL Limited	-	-	0.4
	0.4	0.7	4.6

Purchase of services

	30 Sept 2020 £'m	30 Sept 2019 £'m	30 June 2020 £'m
Yodel Delivery Network Limited	(17.1)	(11.3)	(70.2)
Drop & Collect Limited	(3.9)	(5.4)	(22.2)
Arrow XL Limited	(10.1)	(10.2)	(41.4)
Trenport Property Holdings Limited	(0.3)	(0.3)	(1.3)
Telegraph Media Group Limited	-	(0.4)	-
Shop Direct Holdings Limited	(1.2)	(1.2)	(5.0)
	(32.6)	(28.8)	(140.1)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Related party transactions (continued)

The Group had the following balances outstanding with its fellow group companies:

Amounts due from fellow Group undertakings

	30 Sept 2020 £'m	30 Sept 2019 £'m	30 June 2020 £'m
Shop Direct Holdings Limited	486.8	480.5	485.5
Yodel Delivery Network Limited	2.2	4.6	0.9
Drop & Collect Limited	0.5	0.1	-
Arrow XL Limited	0.2	0.9	0.7
Primevere Limited	22.9	21.0	22.9
Primevere Equipment Limited	12.3	11.2	12.3
	524.9	518.3	522.3

Amounts due to fellow Group undertakings

	30 Sept 2020 £'m	30 Sept 2019 £'m	30 June 2020 £'m
Arrow XL Limited	-	-	(0.3)

The amounts outstanding are unsecured and repayable on demand. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.