

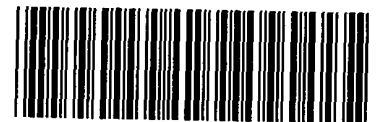
**REGISTERED NUMBER: 04250527**

**MATALAN INVESTMENTS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 28 FEBRUARY 2015**

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## **MATALAN INVESTMENTS LIMITED**

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**MATALAN INVESTMENTS LIMITED**

**DIRECTORS AND ADVISERS**

**DIRECTORS**

J N Mills  
J J Hargreaves  
S Hill  
A Misra (appointed 7 March 2014)

**COMPANY SECRETARY**

W G Lodder

**REGISTERED OFFICE**

Perimeter Road  
Knowsley Industrial Park  
Liverpool  
L33 7SZ

**INDEPENDENT AUDITOR**

KPMG LLP  
Chartered Accountants and Statutory Auditor  
1 St Peters' Square  
Manchester  
M2 3AE

**BANKER**

Lloyds Bank plc  
King Street  
Manchester  
M2 4LQ

**SOLICITOR**

DLA Piper LLP  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3DL

## **MATALAN INVESTMENTS LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2015**

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 28 February 2015.

#### **DIRECTORS**

The directors of the Company who served during the period and up to the date of signing the financial statements are listed on page 1.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is a holding company. The Company expects to continue as such going forward.

#### **RESULTS**

The profit for the period was £11,498 (2014: £11,442) being the preference dividend receivable and related unwinding of discount from Matalan Holding Company Limited. The Company has net assets of £234,141 (2014: £222,643).

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The responsibility of monitoring financial risk management and treasury responsibilities and procedures lie with the board of directors. The policies set by the board of directors are implemented by the Company's finance department.

As a non-trading company of the Group, the Company is not exposed to significant risks. The Company is impacted to a lesser extent by credit and liquidity risks. These risks have been addressed in section 3 of the Notes to the Financial Statements.

#### **DIVIDENDS**

The Company did not issue a dividend in the current or prior period.

#### **POLITICAL & CHARITABLE DONATIONS**

The Company did not make any political or charitable donations in the current or prior period.

#### **DIRECTORS' INDEMNITIES**

During the period and up to the date of signing the financial statements, the Company maintained third party indemnity insurance for its directors and officers as defined by Section 234 of the Companies Act 2006.

#### **GOING CONCERN**

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Missouri Topco Limited. The directors have received confirmation that Missouri Topco Limited intends to support the Company for at least twelve months after these financial statements are signed.

## **MATALAN INVESTMENTS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

#### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

For all persons who are directors at the time of the approval of the directors' report and financial statements:

- a) so far as each director is aware, there is no relevant audit information of which the Company's Auditor is unaware, and
- b) each director has taken all the steps necessary as a director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

#### **INDEPENDENT AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board,



S Hill  
Director  
1 June 2015

## **MATALAN INVESTMENTS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATALAN INVESTMENTS LIMITED**

We have audited the financial statements of Matalan Investments Limited for the period ended 28 February 2015 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

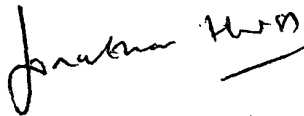
**MATALAN INVESTMENTS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATALAN INVESTMENTS LIMITED (CONTINUED)**

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Jonathan Hurst (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peters' Square  
Manchester  
M2 3AE  
1 June 2015

**MATALAN INVESTMENTS LIMITED**

**INCOME STATEMENT**

	Note	52 weeks ended 28 February 2015 £	53 weeks ended 1 March 2014 £
Administrative expenses		-	-
<b>Operating result</b>		-	-
Finance income	7	11,498	11,442
<b>Profit before income tax</b>	8	11,498	11,442
Income tax	9	-	-
<b>Profit for the period</b>		<b>11,498</b>	<b>11,442</b>

The Company has no other comprehensive income other than the profit for the period.



**MATALAN INVESTMENTS LIMITED**

**STATEMENT OF FINANCIAL POSITION**

	Note	2015 £	2014 £
<b>Non current assets</b>			
Investments	10	50,000	50,000
Receivables	11	201,505	200,740
<b>Total non current assets</b>		<b>251,505</b>	<b>250,740</b>
<b>Current assets</b>			
Receivables	12	132,697	121,964
<b>Total current assets</b>		<b>132,697</b>	<b>121,964</b>
<b>Total assets</b>		<b>384,202</b>	<b>372,704</b>
<b>Current liabilities</b>			
Payables	13	(150,061)	(150,061)
<b>Total liabilities</b>		<b>(150,061)</b>	<b>(150,061)</b>
<b>Net assets</b>		<b>234,141</b>	<b>222,643</b>
<b>Capital and reserves</b>			
Share capital	14	2	2
Retained earnings		234,139	222,641
<b>Total shareholders' equity</b>		<b>234,141</b>	<b>222,643</b>

The financial statements on pages 6 to 15 were approved by the Board of directors on 1 June 2015 and signed on its behalf by:



S Hill  
Director

Matalan Investments Limited  
Registered number: 04250527

**MATALAN INVESTMENTS LIMITED****STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
As at 24 February 2013	2	211,199	211,201
<b>Comprehensive income</b>			
Profit for the period	-	11,442	11,442
<b>As at 1 March 2014</b>	<b>2</b>	<b>222,641</b>	<b>222,643</b>
As at 2 March 2014	2	222,641	222,643
<b>Comprehensive income</b>			
Profit for the period	-	11,498	11,498
<b>As at 28 February 2015</b>	<b>2</b>	<b>234,139</b>	<b>234,141</b>

**STATEMENT OF CASH FLOWS**

The Company had no cash flows in the current or prior period

## **MATALAN INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. General information**

The Company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Perimeter Road, Knowsley Industrial Park, Liverpool, L33 7SZ.

#### **2. Summary of significant accounting policies**

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

##### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis under the historical cost convention as Missouri Topco Limited, the ultimate parent undertaking, has confirmed that it intends to continue to provide financial support for at least twelve months from the report signing date to enable the Company to meet its liabilities as they fall due.

There have been no cash flows in the Company in the current or the prior year and hence no cash flow statements have been prepared.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

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

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

The Company has not early adopted the following standards and statements which are not yet effective. The adoption of these standards is not expected to have a material impact on the Company's accounts when adopted, except where stated:

- 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 Continuing related party disclosures

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

## **MATALAN INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **2. Summary of significant accounting policies (continued)**

##### **Income from investments**

Amounts receivable from non-current investments are recognised as finance income over the period the income arises.

##### **Current income tax**

Current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected.

##### **Investments**

Investments in subsidiaries are stated at cost, where cost is the aggregate nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings. Investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

##### **Share capital**

Ordinary shares are classified as equity.

##### **Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### **Payables**

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## **MATALAN INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **3. Financial risk management**

The financial risk management of the Company is managed by the Group. The Company's activities expose it to credit and liquidity risk. The Company's risk management is managed by the Group programme that focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Group's treasury department under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks.

##### ***Credit risk***

All outstanding receivables balances held by the Company are inter-company balances. Therefore, the credit risk of the Company is significantly reduced as these balances are supported by the Group.

##### ***Liquidity risk***

Liquidity risk is managed on a group basis.

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury aims to maintain flexibility in funding by keeping committed credit lines available.

The Company is party to a group cash pooling arrangement with other group companies. The Company does not settle transactions in cash, instead amounts are settled by other group companies on its behalf with a corresponding adjustment to inter-company receivables / payables.

#### **4. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgements applied will affect the reported values of assets, liabilities, revenues and expenses in the financial statements. Accounting estimates will, by definition, seldom equal the related actual results.

As at the 28 February 2015, the Company has not applied any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **5. Directors' emoluments**

The directors' remuneration for the services to the Company has been borne by a fellow group company.

#### **6. Employee information**

The Company had no employees during the period (2014: none).

# MATALAN INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 7. Finance income

	2015 £	2014 £
Preference dividend receivable	10,733	9,472
Appropriated dividends and related unwinding of discount	765	1,970
	<b>11,498</b>	<b>11,442</b>

### 8. Profit before income tax

The audit fee for the Company amounting to £2,000 (2014: £2,000) is borne by a fellow group company. The total fee for the Group is £0.2m (2014: £0.1m). A detailed breakdown of all audit and non-audit fees payable to the auditor can be found in the financial statements of Missouri Topco Limited.

### 9. Income tax

The income tax charge for the period is lower than (2014: lower than) the standard rate of corporation tax in the UK of 21.17% (2014: 23.10%). 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).

	2015 £	2014 £
Profit before income tax	<b>11,498</b>	<b>11,442</b>
Profit before income tax multiplied by the standard rate of corporation tax in the UK of 21.17% (2014: 23.10%)	<b>2,434</b>	<b>2,643</b>
Effects of:		
Non taxable income	<b>(2,434)</b>	<b>(2,643)</b>
<b>Total tax expense in the period</b>	<b>-</b>	<b>-</b>

The Company has no recognised or unrecognised deferred income tax assets or liabilities at either end of the current or prior period.

### 10. Investments – non-current

	£
<b>At 28 February 2015 and 1 March 2014</b>	<b>50,000</b>

The Company holds 1.25% of the issued ordinary share capital of Matalan Holding Company Limited, a company incorporated in England and Wales.

The directors believe that the book value of its investment is supported by the discounted future cash flows of Matalan Holding Company Limited.

# **MATALAN INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **11. Receivables – non-current**

	2015 £	2014 £
Financial asset	100,000	100,000
Amounts owed by group undertakings	101,505	100,740
	<b>201,505</b>	<b>200,740</b>

The Company holds 100,000 preference shares of £1 each in Matalan Holding Company Limited. The preference shares are redeemable by the Company on 17 July 2016 at £1.35 per share increased by changes in the Retail Price Index between the issue and the redemption date. In the event the Company does not redeem in full the preference share at that time, the outstanding amounts shall carry interest at 2% above base rate until the date of payment.

The preference shares do not carry any voting rights, other than to vote on resolutions affecting any rights or privileges of preference shareholders.

Shareholders are entitled to receive dividends each year on 17 July at a gilt rate plus 2.49%, increased by changes in the Retail Price Index.

### **12. Receivables - current**

	2015 £	2014 £
Amounts owed by group undertakings	132,697	121,964

### **13. Payables - current**

	2015 £	2014 £
Amounts owed to group undertakings	(150,061)	(150,061)

Amounts owed to group undertakings are repayable on demand and therefore presented as current.

### **14. Share capital**

	2015 £	2014 £
Issued and fully paid		
2 (2014: 2) ordinary shares of £1 each	2	2

## MATALAN INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 15. Cash flows from operating activities

There have been no cash flows in the Company in the current or prior period and hence no statement of cash flows has been prepared.

	2015 £	2014 £
Profit for the period	11,498	11,442
Movements in working capital:		
Increase in receivables	(11,498)	(11,442)
<b>Net cash flows from operating activities</b>	<b>-</b>	<b>-</b>

#### 16. Contingent liabilities

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



## MATALAN INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 17. Related party transactions

The Company has a related party relationship with other group undertakings, its parent company and with its directors and executive officers. During the period the Company entered into transactions in the ordinary course of business with other related parties as follows:

	2015 £	2014 £
Transactions with other group undertakings:		
Preference dividend received and associated discount unwind from Matalan Holding Company Limited	11,498	11,442
	<b>11,498</b>	<b>11,442</b>
Amounts owed to parent company	(149,998)	(149,998)
Amounts owed by other group undertakings	234,139	222,641
Balance outstanding in respect of dividends and associated redemption premium and preference shares.	<b>234,139</b>	<b>222,641</b>

Of this balance outstanding £101,505 (2014: £100,740) is in respect of the premium receivable on redemption of the preference shares held in Matalan Holding Company Limited. This premium is receivable after more than one year. The shares are redeemable by Matalan Holding Company Limited.

The Company considers the Hargreaves family to be the ultimate controlling party. Key management is the directors of the Company. The directors' remuneration for the services to the Company has been borne by a fellow group company.

The Company has entered into cash pooling arrangement with other group companies. The Company does not settle transactions in cash, instead amounts are settled by other group companies on its behalf with a corresponding adjustment to inter-company receivables / payables. No transactions were settled by another group company on behalf of the Company during the period.

#### 18. Ultimate parent company

The directors regard Matalan Limited, a company registered in England and Wales, as the immediate parent company. According to the register kept by the Company, Matalan Limited has a 100% interest in the equity capital of Matalan Investments Limited at 28 February 2015. The directors regard Missouri Topco Limited, a company registered in Guernsey, as the ultimate parent company. The Company regards the Hargreaves family as the ultimate controlling party throughout the period.

Missouri Topco Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 28 February 2015. The consolidated financial statements of Missouri Topco Limited are available from Matalan, Perimeter Road, Knowsley Industrial Park, Liverpool, L33 7SZ.