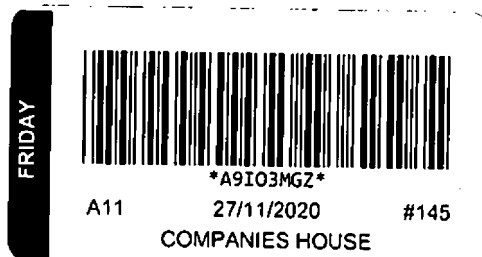


**REGISTERED NUMBER: 04250527**

**MATALAN INVESTMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020**



# **MATALAN INVESTMENTS LIMITED**

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# **MATALAN INVESTMENTS LIMITED**

## **DIRECTORS AND ADVISERS**

### **Directors**

J N Mills (resigned 31 July 2020)  
J J Hargreaves (resigned 14 September 2020)  
S M Hill  
G V Pateras (resigned 31 July 2020)  
J R Brown (appointed 14 September 2020)

### **Company Secretary**

W G Lodder

### **Registered Office**

Perimeter Road  
Knowsley Industrial Park  
Liverpool  
L33 7SZ

### **Independent Auditor**

KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

### **Solicitor**

Clifford Chance LLP  
10 Upper Bank Street  
London  
E14 5JJ

### **Banker**

Lloyds Bank plc  
King Street  
Manchester  
M2 4LQ

## **MATALAN INVESTMENTS LIMITED**

### **DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020**

The directors present their report and the audited financial statements of the Company for the 53 weeks ended 29 February 2020.

#### **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 £17k (2019: £17k) being the preference dividend and interest receivable and related unwinding of discount from Matalan Holding Company Limited. The Company has net assets of £309k (2019: £292k).

#### **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.

#### **COVID-19**

At the time of writing the global spread of COVID-19 has caused widespread consumer and economic disruption. Within the UK all stores selling items deemed to be non-essential were required to close on 24th March 2020 with English and Northern Irish stores gradually reopening from 18 May 2020, a closure period of 8 weeks. The Group's Scottish stores commenced reopening, also ahead of the wider unlocking of retail in Scotland on 12 June 2020. The online channel was able, following appropriate precautions being taken, to trade through the store closure period. The Board took immediate action to mitigate the impacts of the store closures as far as possible which included reducing stock commitments, costs and capital expenditure, and accessing all available Government support including business rates relief, the Coronavirus Job Retention Scheme and Coronavirus Large Business Interruption Loan Scheme.

As a non-trading company of the Group headed by Missouri Topco Limited, 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.

#### **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 Company is reliant on intercompany trade. As a result of the impact of COVID-19 on the Group's post year end trading, the Group has recently raised additional finance to provide further liquidity. This exercise involved extensive due diligence on the Group's three-year forecasts which encompassed a range of trading scenarios. As a result of this the Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. Further details regarding the borrowings held by the Group and the revolving credit facility of £50m available but not drawn upon at year end are provided in the financial statements of Missouri Topco Limited.

## **MATALAN INVESTMENTS LIMITED**

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

#### **Going concern (continued)**

Based on the new funding in place and the Group's three-year forecasts, the directors have concluded that the Group and the Company has and will continue to have sufficient headroom to meet its liabilities in full over the next 12 months. As such the directors have concluded that it remains appropriate to adopt the going concern basis in the preparation of these financial statements.

Further details regarding the going concern status of the Group and the Company are included in note 2.3. This note also considers the potential impact of varying levels of further disruption during the winter of 2020, including a severe but plausible downside trading scenario arising from the COVID-19 pandemic whereby Matalan's entire store estate is forced to close for the duration of November and December 2020.

#### **Political donations**

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

#### **Dividends**

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

#### **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**

Perimeter Road,  
Knowsley Industrial Park  
Liverpool  
L33 7SZ  
24/11/2020

## **MATALAN INVESTMENTS LIMITED**

### **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 International Financial Reporting Standards as adopted by the European Union (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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.



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

### **Opinion**

We have audited the financial statements of Matalan Investments Limited ("the company") for the 53 weeks ended 29 February 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 February 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Material uncertainty relating to going concern**

We draw attention to note 2.3 to the financial statements which indicates that the ability of the Company to continue as a going concern is dependent on the Group, which in turn is dependent on the Group's external lender not calling in the debt owing to it in the event of the Group, in a severe but plausible downside scenario, breaching its covenant. These events and conditions, along with the other matters explained in note 2.3, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our audit opinion is not modified in this respect

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon. Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

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

Under the Companies Act 2006, we are required 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 from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

**Andrew Reddington (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE  
25th November 2020

**MATALAN INVESTMENTS LIMITED****INCOME STATEMENT**

	Note	53 weeks ended 29 February 2020 £'000s	52 weeks ended 23 February 2019 £'000s
Administrative expenses		(2)	-
<b>Operating result</b>		<b>(2)</b>	<b>-</b>
Finance income	6	19	17
<b>Profit before income tax</b>		<b>17</b>	<b>17</b>
Income tax	8	-	-
<b>Profit for the period</b>		<b>17</b>	<b>17</b>

The Company has no other comprehensive income / (expenditure) other than the profit for the period.

**MATALAN INVESTMENTS LIMITED****STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2020**

	Note	29 February 2020 £'000s	23 February 2019 £'000s
<b>Non current assets</b>			
Investments	9	50	50
<b>Total non current assets</b>		<b>50</b>	<b>50</b>
<b>Current assets</b>			
Receivables	10	409	392
<b>Total current assets</b>		<b>409</b>	<b>392</b>
<b>Total assets</b>		<b>459</b>	<b>442</b>
<b>Current liabilities</b>			
Payables	11	(150)	(150)
<b>Total liabilities</b>		<b>(150)</b>	<b>(150)</b>
<b>Net assets</b>		<b>309</b>	<b>292</b>
<b>Capital and reserves</b>			
Share capital	12	-	-
Retained earnings		309	292
<b>Total shareholders' equity</b>		<b>309</b>	<b>292</b>

The financial statements on pages 7 to 18 were approved by the board of directors 24/11/2020 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 £'000s</b>	<b>Retained earnings £'000s</b>	<b>Total equity £'000s</b>
As at 25 February 2018	-	275	275
<b>Comprehensive income</b>			
Profit for the period	-	17	17
<b>As at 23 February 2019</b>	<b>-</b>	<b>292</b>	<b>292</b>
As at 24 February 2019	-	292	292
<b>Comprehensive income</b>			
Profit for the period	-	17	17
<b>As at 29 February 2020</b>	<b>-</b>	<b>309</b>	<b>309</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 England 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 principal 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.

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

These financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (adopted IFRSs) and IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis under the historical cost convention.

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.

**2.2 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 have had a material impact on the Company.

The Company has adopted the following standards and statements. The adoption of these standards has not had a material impact on the Company's accounts:

- IFRS 16 Leases
- IFRIC 23: Uncertainty over Income Tax Treatments.
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures.
- Amendments to IFRS 9: Prepayments Features with Negative Compensation.
- Annual Improvements to IFRS Standards 2015-2017 Cycle.

##### **2.3 Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company has net current assets of £259k (2019: £242k) and net assets of £309k (2019: £292k)

The company is reliant on trade with other entities under common ownership of Missouri Topco Limited to continue as a going concern. As a result of the impact of the global pandemic, COVID-19, the Directors of those entities have undertaken an assessment of the going concern assumption using the base case financial forecasts and considering plausible downside scenarios for the entities to which the Company provides

## **MATALAN INVESTMENTS LIMITED**

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

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

##### **2.3 Going concern (continued)**

services to for a period of twelve months from the date of approval of these financial statements. The assumptions included in the severe but plausible downside scenario include that Matalan's entire store estate is forced to close for the duration of November and December 2020, with a further period of depressed trading immediately following.

The Directors have reviewed the forecasts of these entities and have concluded that there is a material uncertainty in the event of an extreme and prolonged lockdown during the peak trading period. This scenario is considered highly unlikely in that it both covers all of the peak annual trading period and would also require a change in current government guidelines. However, the ability of Missouri Topco Limited to continue to provide this support is dependent on in such a scenario, Missouri Topco Limited obtaining a waiver or further variation of terms with the banking facility lenders, who have been consistently supportive of the business throughout this period. In these circumstances the directors would need the banks approval to this request and, despite the collaborative support provided to date the Missouri Topco Limited Board can not automatically presume the lenders' agreement.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

##### **2.4 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 29 February 2020, 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

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

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

##### **2.6 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.

##### **2.7 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.

##### **2.8 Share capital**

Ordinary shares are classified as equity.

## **MATALAN INVESTMENTS LIMITED**

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

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

##### **2.9 Receivables**

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

##### **2.10 Payables**

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

##### **2.11 Impairment**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Trade receivables with significant financing component are measured using the general model described above.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per rating agency Moody's or BBB- or higher per rating agency S&P.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

## **MATALAN INVESTMENTS LIMITED**

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

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

##### **2.11 Impairment (continued)**

###### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

###### **Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

###### **Write-offs**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

##### **2.12 Intra-group financial instruments**

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### **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 treasury department under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks.

##### **3.1 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.

##### **3.2 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.

## MATALAN INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 4. Directors' emoluments

The directors of Matalan Investments Limited did not receive any remuneration for their services to the Company in the current or prior year. The total remuneration for the directors for their services to the Group is disclosed below:

	2020 £'m	2019 £'m
Aggregate emoluments and fees (including benefits in kind)	1.7	1.7
Performance bonuses and other emoluments	-	0.9
	<b>1.7</b>	<b>2.6</b>

Amounts paid to the highest paid director:

	2020 £'m	2019 £'m
Aggregate emoluments	0.6	0.6
Performance bonuses and other emoluments	-	0.4
	<b>0.6</b>	<b>1.0</b>

#### 5. Employee information

The Company had no employees during the period (2019: none).

#### 6. Finance income

	2020 £'000s	2019 £'000s
Preference dividend receivable	12	12
Appropriated dividends and related unwinding of discount	(3)	(2)
Interest receivable	10	7
	<b>19</b>	<b>17</b>

#### 7. Profit before income tax

The audit fee for the Company amounting to £2,000 (2019: £2,000) is borne by a fellow group company. The total fee for the Group is £0.2m (2019: £0.2m). 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.

## MATALAN INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8. Income tax

The income tax charge for the period is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The rate of corporation tax is based on a weighted average rate.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2018) 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.

	2020 £'000s	2019 £'000s
Profit before income tax	17	17
Profit before income tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	3	3
Effects of:		
Non taxable income	(3)	(3)
<b>Total tax expense in the period</b>	-	-

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

#### 9. Investments

	£
<b>At 29 February 2020 and 23 February 2019</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 net assets of Matalan Holding Company Limited.

# MATALAN INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10. Receivables

	2020 £'000s	2019 £'000s
Financial asset	100	100
Amounts owed by group undertakings	309	292
	<b>409</b>	<b>392</b>

The Company holds 100,000 preference shares of £1 each in Matalan Holding Company Limited. The preference shares were 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. These preference shares have not been redeemed in the period and the outstanding amounts 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.

### 11. Payables

	2020 £'000s	2019 £'000s
Amounts owed to group undertakings	<b>(150)</b>	<b>(150)</b>

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

### 12. Share capital

	2020 £	2019 £
<b>Issued and fully paid</b>		
2 (2019: 2) ordinary shares of £1 each	<b>2</b>	<b>2</b>

### 13. 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)

#### 14. 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:

	2020 £'000s	2019 £'000s
Transactions with other group undertakings:		
Preference dividend received and associated discount unwind from Matalan Holding Company Limited	19	17
Expected credit loss	(2)	
	<b>17</b>	<b>17</b>
Amounts owed to parent company	(150)	(150)
Amounts owed by other group undertakings	309	292
Balance outstanding in respect of dividends, associated redemption premium and interest receivable in relation to preference shares.	309	292

Of the balance outstanding £121k (2019: £102k) is in respect of the premium receivable on redemption of the preference shares held in Matalan Holding Company Limited. This premium was receivable on 17 July 2016. 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.

#### 15. 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 29 February 2020. The company's registered address is Matalan Limited, Perimeter Road, Knowsley Industrial Park, Liverpool, L33 7SZ. The directors regard Missouri Topco Limited, a company registered in Guernsey, as the ultimate parent company. The company's registered address is Missouri Topco Limited, 1st Floor, Tudor House, Le Bordage, St Peter Port, Guernsey, GY1 1DB. 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 29 February 2020. The consolidated financial statements of Missouri Topco Limited are available from Matalan, Perimeter Road, Knowsley Industrial Park, Liverpool, L33 7SZ.

## **MATALAN INVESTMENTS LIMITED**

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

#### **16. Post balance sheet events**

After the balance sheet date of 29 February 2020 the global pandemic caused by the COVID-19 virus occurred in the UK. This has been treated as a non-adjusting post balance sheet event. The Company has not been significantly impacted financially or operationally due to the pandemic although the wider Matalan Group has been affected, as described in the Matalan Retail Limited statutory accounts.