

REGISTERED NO: 05962488

MATALAN FINANCE LIMITED (FORMERLY MISSOURI BIDCO LIMITED)

**BALANCE SHEET, STATEMENT OF ACCOUNTING POLICIES AND SELECTED
NOTES**

17 MARCH 2010

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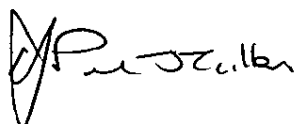
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BALANCE SHEET

	Notes	17 March 2010 £'m	28 February 2009 £ m
Assets			
Investment	1	817.2	817.2
Deferred tax asset		1.9	0.9
Prepayments		3.1	-
Total assets		822.2	818.1
Liabilities			
Financial liabilities – borrowings	2	(6.6)	(6.3)
Financial liabilities – derivative financial instruments	3	(6.8)	(3.1)
Trade and other payables	4	(80.3)	(107.7)
Total current liabilities		(93.7)	(117.1)
Financial liabilities – borrowings	2	(236.2)	(268.7)
Total liabilities		(329.9)	(385.8)
Net assets		492.3	432.3
Shareholders equity			
Share capital	5	21.9	21.9
Share premium		415.5	415.5
Retained earnings		54.9	(5.1)
Total shareholders equity		492.3	432.3

The balance sheet, statement of accounting policies and selected notes on pages 1 to 5 were approved by the board of directors on 24 March 2010 and signed on its behalf by

P J T Gilbert
Director



STATEMENT OF ACCOUNTING POLICIES

The Company is a private limited liability company and is incorporated and domiciled in the UK. The address of its registered office is Gillibrands Road, Skelmersdale, West Lancashire, WN8 9TB

On 15 March 2010 the Company changed its name from Missouri Bidco Limited to Matalan Finance Limited

The balance sheet has been prepared on the going concern basis, under the historical cost convention, and in accordance with the accounting policies set out below

The balance sheet and related notes contain information about Matalan Finance Limited as an individual company and do not contain consolidated financial information as the parent of the group

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

Current income tax

Current income tax charge is calculated on the basis of the tax laws enacted or substantively 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

Deferred taxation

Deferred tax is provided in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities on the balance sheet and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date and that are expected to apply when the related deferred tax liability is settled or asset is realised

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realised

Deferred tax is charged or credited to the income statement when the liability is settled or the asset is realised. Deferred tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity

Derivative financial instruments

The company uses derivative financial instruments to manage its exposure to interest rate risks arising from financing and investment activities. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for speculative or trading purposes

Derivative financial instruments are initially recognised and measured at fair value on the date a derivative financial contract is entered into and subsequently measured at fair value at each balance sheet date. The gain or loss on re-measurement is treated as financing in the income statement and then recharged to the trading subsidiaries as appropriate

Derivatives are deemed to be current unless the financial instrument is due to mature more than 12 months after the balance sheet date, then they are deemed to be non current

Financial assets and liabilities

Interest bearing bank borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis and then recharged to the trading subsidiaries as appropriate. The fair values of trade and other receivables, loans and overdrafts and trade and other payables with a maturity of less than one year are assumed to approximate to their book values. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Financial assets and liabilities are deemed to be current unless the financial instrument is due to mature more than 12 months after the balance sheet date, then they are deemed to be non current.

Impairment of assets

The carrying amounts of the company's assets, other than deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated using the higher of the asset's fair value less costs to sell and the value in use and the carrying value of the asset revised.

Dividends

Final dividends payable to the company's shareholders are recognised in the period in which the dividends are approved by the company's shareholders. Interim dividends payable are recognised in the period in which the dividends are paid.

Interest income

Interest income is recognised on a time-proportioned basis using the effective method.

Trade payables

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

Share capital policy

Ordinary shares are classified as equity.

NOTES TO THE BALANCE SHEET

1. Investment

	Investment in subsidiaries £'m
Cost and net book value	
At 28 February 2009 and 17 March 2010	817.2

The company holds 100% of the ordinary share capital of Matalan Limited. The principal activity of Matalan Limited is to act as a holding company and it is incorporated in England and Wales.

2. Financial liabilities - borrowings

	17 March 2010 £'m	28 February 2009 £'m
Current		
Bank loans due within one year or on demand		
Sterling	(6.6)	(6.3)
Non current		
Bank loans (net of £9.0m (2009: £10.6m) of issue costs)	(236.2)	(268.7)
	(242.8)	(275.0)

3. Financial instruments

New floating to fixed rate swaps were entered into during the period. These have an initial notional principal of £238.3m which amortises over the period of the swaps. The forward start dates were 28 August 2009 and the final maturity date is 31 March 2013. The weighted average fixed rate payable under the swaps is 3.16%.

The fair value of the new interest rate swaps as at 17 March 2010 was £6.8m. The directors have based their assessment of the fair value of these derivatives on the market valuation provided by independent third parties.

4. Trade and other payables - current

	17 March 2010 £'m	28 February 2009 £'m
Amounts owed to group undertakings	(77.4)	(107.5)
Accruals and deferred income	(2.9)	(0.2)
	(80.3)	(107.7)

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

5. Share capital

	10p A ordinary shares Number	Total value £'m
Authorised		
At 28 February 2009 and 17 March 2010	218,688,222	21.9
Allotted, called up and fully paid		
At 28 February 2009 and 17 March 2010	218,688,222	21.9