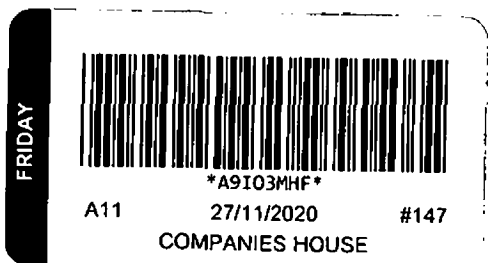


REGISTERED NUMBER: 05974909

MATALAN GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

53 WEEKS ENDED 29 FEBRUARY 2020



MATALAN GROUP LIMITED

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MATALAN GROUP 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)
S R Johnson (appointed 15 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 GROUP LIMITED

STRATEGIC REPORT FOR THE 53 WEEKS ENDED 29 FEBRUARY 2020

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

Review of business

The principal activity of the Company is that of a holding company of Matalan Finance plc and its subsidiary companies and the Company expects to continue as such going forward.

Results

The Company had no income or expenditure in the year or prior year. The Company has net assets of £386.2m (2019: £446.5m).

Key Performance Indicators

The directors consider net assets to be the main financial KPI for the business.

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.

The principal risk facing the company is the recoverability of its investment and intercompany receivables. Its risks mirror those of the wider Matalan group headed by Missouri Topco Limited (the Group).

The Group (and therefore the Company) are exposed to the following risks:

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.

Foreign Exchange Risk - the Group is exposed to risk of fluctuating foreign exchange rates as a result of its overseas purchases. The principal currency with which this exposure lies is US dollar.

The exchange rates between the US dollar and other world currencies have fluctuated significantly in recent years and may continue to do so in the future. Following the UK referendum in June 2016, favouring Brexit, the pound sterling significantly weakened against the US dollar. Whilst this has strengthened somewhat through the year, at present the terms of Brexit remain unclear. Until the details become clear, further volatility is possible until the exit phase is concluded.

The Group uses forward foreign exchange contracts in order to manage its exposure to foreign exchange risk and wherever possible these are hedge accounted under IFRS 9. The Group has a treasury policy in place which limits how much can be purchased on a rolling 30 month basis. In accordance with this policy, the Group does not hold or issue derivative financial instruments for speculative or trading purposes.

MATALÁN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

Interest Rate Risk - fluctuating interest rates could have an impact on cash flows and profit.

The Group has long term interest bearing debt liabilities which are subject to fixed rates of interest. This fixed rate debt structure has significantly lowered interest rate risk faced by the Group.

By order of the board



S Hill

Director

Perimeter Road

Knowsley Industrial Park

Liverpool

L33 7SZ

24/11/2020

MATALAN GROUP 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 Company's directors who served during the period and up to the date of signing the financial statements are noted on page 1.

Principal activities

The principal activity of the Company is that of a holding company of Matalan Finance plc and its subsidiary companies and the Company expects to continue as such going forward.

Results

The result for the period was £nil (2019: £nil). The Company has net assets of £386.2m (2019: £446.5m).

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

Matalan Group Limited is dependent on the trade of its subsidiaries. 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.

The Group statement of financial position shows a net liability position as a result of the requirement to apply merger accounting to reflect the change in ownership of Matalan, which resulted in the creation of a merger reserve in equity rather than acquisition goodwill. As at 29 February 2020, the Group has adequate liquid resources to pay its liabilities as they fall due. The accounts of Matalan Retail Limited, the principal subsidiary of the Group, show the balance sheet strength of the trading group.

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 issued a dividend of £60.3m to another Group company during the period (2019: £nil).

MATALAN GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Disclosure of information to the auditor

The directors who held office at the time of the approval of this directors' report confirm that,

- 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 he ought to have as a director 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.

On behalf of the Board



S Hill
Director
Perimeter Road
Knowsley Industrial Park
Liverpool
L33 7SZ
24/11/2020

MATALAN GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 judgments 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 GROUP LIMITED

Opinion

We have audited the financial statements of Matalan Group Limited ("the company") for the period 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 result 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 Matalan Group, headed by Missouri Topco Limited to continue as a going concern, which, is dependent on the external lender not calling in the debt owing to it in the event of the Matalan 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.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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.

We have nothing to report in these respects.

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

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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.

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 GROUP LIMITED

INCOME STATEMENT

The Company has no income / (expenditure) in the current or prior period.

MATALAN GROUP LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2020

	Note	2020 £'m	2019 £'m
Assets			
Investments	8	437.4	437.4
Total non-current assets		437.4	437.4
Receivables	9	55.1	55.1
Total current assets		55.1	55.1
Total assets		492.5	492.5
Liabilities			
Payables	10	(106.3)	(46.0)
Total current liabilities		(106.3)	(46.0)
Net assets		386.2	446.5
Capital and reserves			
Share capital	11	21.9	21.9
Share premium		355.2	415.5
Warrant reserve	11	3.1	3.1
Retained earnings		6.0	6.0
Total shareholders' equity		386.2	446.5

The financial statements on pages 9 to 20 were approved by the board of directors on 24/11/2020 and signed on its behalf by:



S Hill
Director

Matalan Group Limited
Registered number: 05974909

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

	Share capital £'m	Share premium £'m	Warrant reserve £'m	Retained earnings £'m	Total equity £'m
As at 25 February 2018	21.9	415.5	3.1	6.0	446.5
Comprehensive income					
Result for the period	-	-	-	-	-
As at 23 February 2019	21.9	415.5	3.1	6.0	446.5
As at 24 February 2019	21.9	415.5	3.1	6.0	446.5
Comprehensive income					
Result for the period	-	-	-	-	-
Capital reduction	-	(60.3)	-	60.3	-
Transactions with owners	-	-	-	(60.3)	(60.3)
As at 29 February 2020	21.9	355.2	3.1	6.0	386.2

STATEMENT OF CASH FLOWS

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

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company is a private limited liability 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 a going concern basis under the historical cost convention.

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:

- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- IFRS 16 Leases

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 liabilities of £51.2m (2019: net current assets of £9.1m) and net assets of £386.2m (2019: £446.5m).

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's ultimate parent company, Missouri Topco Limited not seeking repayment of the amounts currently due to the group, which at 29 February 2020 amounted to £106.3m. Missouri Topco Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Directors have reviewed the Missouri Topco Limited forecasts 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 guidance. However, the ability of Missouri Topco Limited to continue to provide this support is dependent on in such a scenario, the Group obtaining a waiver or further variation of terms with the banking facility lenders, who have been consistently supportive of the business throughout this period.

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Going concern (continued)

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 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 Finance income and expenditure

Financing expenses include interest payable and unwinding of the discount on provisions that are recognised in the income statement (see foreign currency accounting policy). Interest payable is recognised in profit or loss as it accrues, using the effective interest method

2.6 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.

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 Dividends

Final dividends payable to the Company's shareholders are recognised in the Company's financial statements 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.

2.9 Warrants

Warrants issued to subscribe for 'A' ordinary shares in the Company are valued at fair value at the date of grant. Fair value is calculated using a Black Scholes model. Where warrants are issued in conjunction with debt financing, they are treated as an attributable transaction cost of the related debt, accordingly their cost is treated as a deduction in borrowings and is amortised in the income statement as a finance cost over the term of the borrowings.

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Receivables

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

2.12 Payables

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

2.13 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.

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 GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.13 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.

2.14 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 market risk (including fair value interest rate risk and cash flow interest rate risk, credit risk 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. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group, and therefore the Company, is exposed to the risk of fluctuating foreign exchange rates. The Group uses forward foreign exchange contracts in order to manage its exposure to foreign exchange risk and wherever possible these are hedge accounted under IFRS 9. The Group has a treasury policy in place which limits how much can be purchased on a rolling 30 month basis. In accordance with this policy, the Group does not hold or issue derivative financial instruments for speculative or trading purposes.

The exchange rates between the US dollar and other world currencies have fluctuated significantly in recent years and may continue to do so in the future. Following the UK referendum in June 2016, favouring Brexit, the pound sterling significantly weakened against the US dollar.

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.

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Financial risk management (continued)

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.

Financial assets

	Fair value through profit or loss		Amortised cost	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
Investments	437.4	437.4	-	-
Amounts owed by group undertakings	-	-	55.1	55.1
Total Financial assets	437.4	437.4	55.1	55.1

Financial liabilities	Fair value through profit or loss		Amortised cost	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
Amounts owed to group undertakings	-	-	(106.3)	(46.0)
Total Financial liabilities	-	-	(106.3)	(46.0)

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Directors' emoluments

The directors of Matalan Group 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 (including benefits in kind)	1.7	1.7
Performance bonuses and other emoluments	-	0.9
	1.7	2.6

Amounts paid to the highest paid director:

	2020 £'m	2019 £'m
Aggregate emoluments	0.6	0.6
Performance bonuses and other emoluments	-	0.4
	0.6	1.0

5. Employee information

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

6. 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

7. Income tax

The Company has no income/(expenditure) in the current or prior period and therefore no income tax charge.

Deferred Income Tax

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

MATALAN GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Investments**

**Investment in subsidiary
£'m**

Cost and net book value

At 29 February 2020 and 23 February 2019

437.4

The Company holds 100% of the ordinary share capital of Matalan Finance plc. The principal activity of Matalan Finance plc is to act as a holding company and it is incorporated in England and Wales. The directors believe that the book value of the investment is supported by the underlying net assets and the future discounted cash flows of the trading subsidiaries of the investment. The investment has a coterminous year end with the Company.

The Company also has an indirect interest in the following subsidiary companies:

Name	Principal activity	Country of incorporation	% interest held, ordinary share capital and voting rights
Matalan Limited	Holding company	England and Wales	100
Matalan Retail Limited	Retail	England and Wales	100
Jonmar Limited	Property	England and Wales	100
Matalan Travel Limited	Travel services	England and Wales	100
Matalan Investments Limited	Holding company	England and Wales	100
HP01 Nominees Limited	Distribution	England and Wales	100
Matalan Holding Company Limited	Holding Company	England and Wales	100
Matalan Direct Limited	Retail	England and Wales	100

All of the above companies have the following registered address: Perimeter Road, Knowsley Industrial Park, Liverpool, L33 7SZ

9. Receivables

	2020 £'m	2019 £'m
Amounts owed by group undertakings	55.1	55.1

10. Payables

	2020 £'m	2019 £'m
Amounts owed to group undertakings	(106.3)	(46.0)

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

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Share capital and reserves

Ordinary share capital

	10p 'A' ordinary shares Number	Total Value £'m
Issued and fully paid		
At 29 February 2020 and 23 February 2019	218,688,223	21.9

During the year the Group undertook an exercise to adjust its intercompany loan structure. As part of this process Matalan Group Limited reduced its share capital by £60.3m and declared a dividend to its parent company, Missouri Topco Limited. This dividend was in turn settled by the novation of Missouri Topco's £60.3m intercompany loan liability over to Matalan Group Limited. As a result of this exercise the intercompany loan liability in Missouri Topco Limited in relation to Matalan Retail Limited was settled.

Reserves

Warrant reserve

Warrants to subscribe for 0.75% of the issued 'A' ordinary shares in the Company were granted on 22 December 2006. The warrants have an exercise price of 10p per share. The warrants are exercisable on the earlier of a change in control of the Group, repayment of the PIK debt and liquidation. The fair value of the warrants as valued at the date of grant using a Black Scholes model and spread across the expected term, with the resulting charge accounted for as a finance cost. The key inputs into the valuation were: fair value at grant date of £2, expected volatility of 40%, expected term of 5 years, expected dividend yield of nil and a risk free interest rate of 5.66%. The volatility assumption of 40% was based upon historic volatility data. The fair value of the total number of warrants was calculated at £3.1m. The remaining unamortised charge was accelerated when the PIK debt was repaid on 30 March 2010. £1.1m was charged to exceptional refinancing costs during 2011. The warrants have not yet been exercised.

12. 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 GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. 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 financial period the Company entered into transactions, in the ordinary course of business, with other related parties as follows:

	2020 £'m	2019 £'m
Amounts owed to parent	-	-
Amounts owed (to)/ by other group undertakings	(51.2)	9.1

The Company has entered into 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. No transactions were settled by another group company on behalf of the Company during the period.

At the reporting date, the directors of the Company and their immediate relatives indirectly controlled 100% of the voting shares of the Company. The Company considers the Hargreaves family to be the ultimate controlling party. Key management is the directors of the Company. The directors' remuneration for their services to the Company has been borne by a fellow group company and is disclosed in note 4.

14. Ultimate parent company

The directors regard Missouri Topco Limited, a company registered in Guernsey, as the immediate parent company. According to the register kept by the Company, Missouri Topco Limited has a 100% interest in the equity capital of Matalan Group Limited at 29 February 2020. The company's registered address is Missouri Topco Limited, 1st Floor, Tudor House, Le Bordage, St Peter Port, Guernsey, GY1 1DB. The directors regard 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.

15. 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.