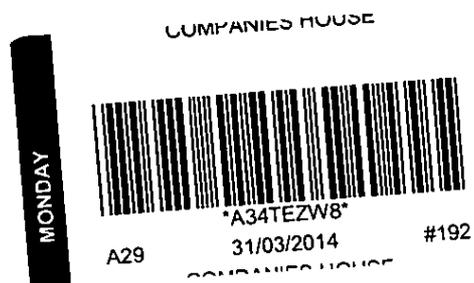


**STEINHOFF UK RETAIL LIMITED (FORMERLY HOMESTYLE OPERATIONS LIMITED)**

**ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE 52 WEEKS ENDED 29 JUNE 2013**

Registered number 40754



**STEINHOFF UK RETAIL LIMITED  
CONTENTS**

	Page
Officers and professional advisers	2
Directors' report	3
Directors' responsibilities statement	5
Independent auditor's report	6
Income statement	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in shareholder's equity	10
Cash flow statement	11
Statement of accounting policies	12
Notes to the financial statements	16

**STEINHOFF UK RETAIL LIMITED  
OFFICERS AND PROFESSIONAL ADVISERS  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**Directors**

P J Dieperink  
S J Grobler  
M J Jooste  
D M van der Merwe  
F J Nel  
H Odendaal  
I D Sussman  
S Summers

**Company secretary**

J H Robins

**Registered office**

Steinhoff UK Group  
Fifth Floor  
Festival House  
Jessop Avenue  
Cheltenham  
Gloucestershire  
GL50 3SH

**Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester  
United Kingdom

## **STEINHOFF UK RETAIL LIMITED DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditor's report, for the 52 weeks ended 29 June 2013

### **Principal activity**

The company's principal business activity remains the retailing of furniture and beds. The company now trades under the fasciae of Harveys, Harveys & Reid, Cargo, Bensons for Beds and Bed Shed.

The company is a wholly-owned subsidiary undertaking of Steinhoff UK Holdings Limited, the parent of the Steinhoff UK group. The ultimate parent company is Steinhoff International Holdings Limited, a company incorporated in The Republic of South Africa.

On 13 June 2013, the company changed its name from Homestyle Operations Limited to Steinhoff UK Retail Limited.

### **Results and dividends**

The audited financial statements for the 52 weeks ended 29 June 2013 are set out on pages 7 to 27. The profit after taxation for the period was £11,236,000 (53 weeks ended 30 June 2012: £16,002,000).

The directors do not recommend payment of a dividend (53 weeks to 30 June 2012: same).

### **Enhanced business review**

The directors consider revenue, gross profit margin, profit before taxation, net assets, tangible net assets and cash flows from operating activities to be the key performance indicators of the business.

In the 52 weeks ended 29 June 2013, the company has maintained good growth in revenue. Despite a reduction in store numbers, revenue has increased by 4% on the prior year. Concept store formats in both the furniture and bed divisions have continued to be rolled out in certain existing and new stores. The performance of these stores has continued to be successful, and has contributed to the good like for like revenue growth in the company.

In order to drive the revenue increase, gross margin has reduced slightly from 48.4% to 48%. A significant driver of this has been the increase in finance costs as penetration of credit finance has increased.

During the period, the company transferred a portion of the warehouse and distribution network, including staff and certain tangible fixed assets (note 9) to a fellow group company, and a lease for a new warehouse was entered into by the Steinhoff UK Group. Whilst this is expected to lead to synergies in the future, exceptional restructuring costs totalling £2 million, including redundancies and duplicate warehouse costs, were incurred during the period.

Operating profit before these exceptional costs was £16.2 million, an increase of £0.6 million from the prior year. Operating profit after exceptional items was £14.2 million (2012: £15.6 million).

Interest receivable totalled £2.4 million (2012: £5.4 million). The reduction was largely due to a decrease in intercompany loan interest receivable, following the repayment during the year of amounts owed by group undertakings. Interest payable was £1.2 million (2012: £1.4 million).

The taxation charge increased from £3.4 million to £4.1 million despite the reduction in profit before tax, due to a reduction in unrecognised deferred tax assets brought forward.

The company's net asset value increased to £135.7 million at 29 June 2013 (2012: £128.9 million), as a result of the profit for the year, offset by the actuarial loss on the defined benefit pension scheme, net of deferred tax, of £1.8 million, and share based payments charges net of tax of £2.6 million.

Tangible net asset value, defined as net asset value less goodwill and intangible assets, has increased from £51.7 million to £59.4 million.

Additions to Property, Plant & Equipment were £13.8 million in the year (2012: £7.6 million), due to the significant investment made in both existing and new stores referred to above.

The company's net cash from operating activities has improved from an outflow of £25.4 million in the prior year to an inflow of £29.3 million in the current year, significantly due to variances in amounts owed from fellow group companies.

### **Principal risks and uncertainties**

The company has substantial net assets together with a large number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The circumstances surrounding the principal economic, competitive and financial risks are described below.

The current downturn in the world economy has had an impact on the retail sector and in particular, the household goods sector. On the back of the current results and strengthened balance sheet the directors believe that the company is able to adapt to these changed circumstances. The strength of its ultimate parent also ensures that it will be well positioned to capitalise on weaker competitors and to benefit from any future market consolidation.

The company's market remains highly competitive with a large number of industry players. Price competition is inherent in such a market. This competition has been tempered by the exit of certain of the traditional players including a number of independents. The directors believe that the company will continue to attract its fair share of this substantial market if it continues to combine outstanding value with product quality and customer service.

The financial risks include liquidity risk, the impact of interest rate changes, and foreign exchange risk.

The company finances operations through a mixture of internal resources, bank and group borrowings, and share capital, and makes use of both the UK and International group's treasury functions to obtain the required funding. The company's policy is to ensure that there are sufficient facilities in place to fund its ongoing operations and that they are secure, adequate, and appropriately priced for its needs.

The company has variable rate borrowings, and ensures that as far as practical, interest costs are maintained at the lowest possible level by monitoring cash flow on a daily basis and transferring money between facilities to achieve the most beneficial interest rates.

**STEINHOFF UK RETAIL LIMITED**  
**DIRECTORS' REPORT (continued)**

**Principal risks and uncertainties (continued)**

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. This risk is managed in two ways. The first is that a significant portion of the company's purchases from overseas are purchased through Steinhoff UK Upholstery Limited (a subsidiary company) who invoices this company in sterling. Steinhoff UK Upholstery Limited manages its currency exposure in line with group guidelines and via group treasury. In addition Steinhoff UK Retail Limited deals with certain suppliers and to the extent that the company purchases goods in foreign currencies directly, the foreign currency requirements are forecast and forward contracts are entered into by Relyon Group Limited, a fellow Steinhoff UK group company, on behalf of Steinhoff UK Retail Limited, to cover a proportion of the anticipated currency requirement in line with group policies.

The use of financial derivatives is governed by the policies approved by the board of directors and conforms with Steinhoff Group policies. The company does not use derivative financial instruments for speculative purposes.

Note 21 to the financial statements includes the company's objectives, policies and processes for managing its financial risk, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

**Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate trading opportunities and resources to continue in operational existence for the foreseeable future. The company has also received a letter of financial support from Steinhoff UK Holdings Limited, the parent company. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

**Directors**

The following directors served during the period and to the date of this report unless otherwise noted.

P J Diepenk  
S J Grobler  
M J Jooste  
D M van der Merwe (appointed 13 May 2013)  
F J Nel  
J H Robins (appointed 10 August 2012, resigned 13 May 2013)  
H Odendaal  
S Summers (resigned 10 August 2012, appointed 3 March 2014)  
I D Sussman

**Supplier payment policy**

The company's policy is to agree terms of payment with suppliers when entering into a transaction and abide by them.

**Environment**

The company is committed to reducing the potential impact of its activities on the environment. A full time energy manager is employed by the Steinhoff UK Group, to assist in reducing emissions and ensure compliance with UK emission policy.

**Initiatives include**

- energy efficient lighting schemes being fitted as standard in all new stores,
- better control of interface between heating and cooling at stores,
- certain stores being powered by renewable energy sources,
- where appropriate the use of solar PV panels

The Steinhoff UK Group as a whole has reduced its carbon emissions by 5% in the year ending 30 June 2013.

**Disabled employees**

We are committed to equal employment and support an open and practical approach to employing disabled people wherever suitable opportunities exist. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

**Employee consultation**

We value equally our full and part time staff and we seek to improve the skills and performance of our employees and so enhance career development opportunities. We endeavour to keep our staff fully informed on matters of significance to them and to regularly consult with them on matters which affect them. Health and Safety precautions and compliance are kept under constant review with the aim of maintaining the highest standards. Reported accidents are an important non-financial key performance indicator of the business and are down by approximately 10% in the period.

**Auditor**

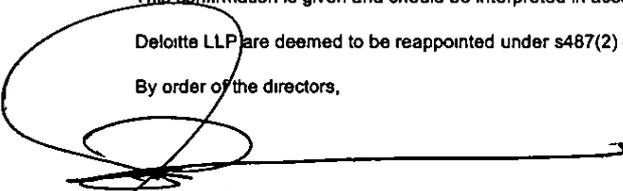
Each of the directors at the date of approval of this annual report confirms that

- a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- b) the director has taken all the steps that he ought to have taken 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.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Deloitte LLP are deemed to be reappointed under s487(2) of the Companies Act 2006.

By order of the directors,



P Diepenk  
Director  
28 March 2014

**STEINHOFF UK RETAIL LIMITED**  
**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEINHOFF UK RETAIL LIMITED

We have audited the financial statements of Steinhoff UK Retail Limited for the 52 week period ended 29 June 2013 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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, 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 Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any material misstatements or inconsistencies we consider the implications for our report.

### 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 29 June 2013 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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 period for which the financial statements are prepared is consistent with the financial statements.

### 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.



Patrick Loftus BSc ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester, United Kingdom

28 March 2014

**STEINHOFF UK RETAIL LIMITED**  
**INCOME STATEMENT**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

		52 weeks to 29 June 2013 £000	53 weeks to 30 June 2012 £000
	Note		
<b>Revenue</b>		<b>449,215</b>	<b>433,868</b>
Cost of sales		<u>(233,592)</u>	<u>(223,987)</u>
<b>Gross profit</b>		<b>215,623</b>	<b>209,881</b>
Selling, distribution and administrative costs		<u>(199,437)</u>	<u>(194,329)</u>
<b>Operating profit before exceptional items</b>		<b>16,186</b>	<b>15,552</b>
Restructuring costs	1	<u>(1,962)</u>	-
<b>Operating profit after exceptional items</b>		<b>14,224</b>	<b>15,552</b>
Interest income	2	<b>2,428</b>	5,376
Pension finance cost	17	(170)	(129)
Finance costs	2	<u>(1,158)</u>	<u>(1,410)</u>
<b>Total finance income</b>		<b>1,100</b>	<b>3,837</b>
<b>Profit before taxation</b>	5	<b>15,324</b>	<b>19,389</b>
Taxation	6	<u>(4,088)</u>	<u>(3,387)</u>
<b>Profit for the period after taxation</b>	19	<b>11,236</b>	<b>16,002</b>

The accompanying notes are an integral part of these financial statements

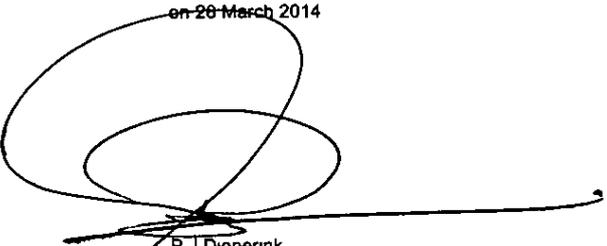
**STEINHOFF UK RETAIL LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

	Note	52 weeks to 29 June 2013 £'000	53 weeks to 30 June 2012 £'000
Actuarial loss on defined benefit pension schemes	17	(2,364)	(5,687)
Deferred tax effect of actuarial movement	16	544	1,365
Net expense recognised directly in equity	19	(1,820)	(4,322)
Profit for the period		<u>11,236</u>	<u>16,002</u>
<b>Total comprehensive income for the period</b>		<b><u>9,416</u></b>	<b><u>11,680</u></b>

**STEINHOFF UK RETAIL LIMITED**  
**BALANCE SHEET**  
**AS AT 29 JUNE 2013**

	Note	29 June 2013 £'000	30 June 2012 £'000
<b>Non-current assets</b>			
Goodwill	7	73,393	73,393
Intangible assets	8	2,873	3,834
Property, plant & equipment	9	23,332	19,781
Investments in subsidiaries	10	100	100
Amounts owed by group undertakings	24	26,550	5,469
Deferred tax assets	16	2,158	2,201
		<u>128,406</u>	<u>104,778</u>
<b>Current assets</b>			
Inventories	11	39,253	40,136
Trade and other receivables	12	126,392	274,737
Cash and cash equivalents		17,852	9,832
		<u>183,497</u>	<u>324,705</u>
<b>Current liabilities</b>			
Trade and other payables	13	(162,476)	(279,772)
Bank overdrafts	14	-	(10,000)
Corporation tax liabilities		(3,045)	(1,901)
Short term provisions	15	(879)	(181)
		<u>(166,400)</u>	<u>(291,854)</u>
<b>Net current assets</b>		<u>17,097</u>	<u>32,851</u>
<b>Total assets less current liabilities</b>		<u>145,503</u>	<u>137,629</u>
<b>Non-current liabilities</b>			
Retirement benefit obligation	17	(7,504)	(7,747)
Long-term provisions	15	(2,290)	(983)
		<u>(9,794)</u>	<u>(8,730)</u>
<b>Net assets</b>		<u>135,709</u>	<u>128,899</u>
<b>Equity</b>			
Share capital	18	734	734
Share premium		116,429	116,429
Capital redemption reserve		9,047	9,047
Retained earnings	19	9,499	2,689
<b>Shareholder's funds</b>		<u>135,709</u>	<u>128,899</u>

The financial statements of Steinhoff UK Retail Limited, registered number 40754, were approved by the Board of Directors and authorised for issue on 26 March 2014



P J Dieperink  
 Director

**STEINHOFF UK RETAIL LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 26 June 2011	734	116,429	9,047	(9,080)	117,130
Profit for the period	-	-	-	16,002	16,002
Actuarial gain on retirement benefit schemes net of deferred tax	-	-	-	(4,322)	(4,322)
Share based payments credit (note 19)	-	-	-	89	89
At 1 July 2012	734	116,429	9,047	2,689	128,899
Profit for the period	-	-	-	11,236	11,236
Actuarial loss on retirement benefit schemes net of deferred tax	-	-	-	(1,820)	(1,820)
Share based payments charge (note 19)	-	-	-	(2,942)	(2,942)
UK corporation tax on share based payments charge (note 19)	-	-	-	527	527
Deferred tax on share based payments charge (note 19)	-	-	-	(191)	(191)
At 29 June 2013	734	116,429	9,047	9,499	135,709

**STEINHOFF UK RETAIL LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

	Note	52 weeks to 29 June 2013 £000	53 weeks to 30 June 2012 £000
<b>Cash flows from operating activities</b>			
Operating profit		14,224	15,552
Depreciation and impairment on property, plant & equipment	9	8,490	9,127
Amortisation and impairment of intangible assets	8	1,514	735
Share based payment	19	(2,942)	89
(Profit)/loss on disposal of property, plant & equipment	5	(62)	656
Loss on disposal of intangible assets	5	1	41
Increase/(reduction) in provisions	15	2,005	(424)
Pension contributions paid into defined benefit scheme	17	(2,777)	(2,489)
Net corporation tax paid		(2,021)	(2,118)
<b>Operating cash flows before changes in working capital</b>		<b>18,432</b>	<b>21,171</b>
Decrease/(increase) in inventories		883	(3,462)
Decrease/(increase) in net intercompany receivables		12,844	(40,957)
(Increase)/decrease in trade and other receivables		(1,279)	581
Decrease in trade and other payables		(1,597)	(2,739)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>29,283</b>	<b>(25,406)</b>
<b>Cash flows from investing activities</b>			
Interest received	2	2,428	5,376
Purchase of property, plant and equipment	9	(13,764)	(7,552)
Purchase of intangible assets	8	(562)	(1,711)
Proceeds on disposal of non current assets		1,793	577
<b>Net cash outflow from investing activities</b>		<b>(10,105)</b>	<b>(3,310)</b>
<b>Cash flows from financing activities</b>			
Interest paid	2	(1,158)	(1,410)
<b>Net cash outflow from financing activities</b>		<b>(1,158)</b>	<b>(1,410)</b>
Net increase/(decrease) in cash and cash equivalents		18,020	(30,126)
Opening cash and cash equivalents		(168)	29,958
<b>Closing cash and cash equivalents</b>		<b>17,852</b>	<b>(168)</b>
Cash and cash equivalents comprises			
- Cash and cash equivalents		17,852	9,832
- Bank overdrafts		-	(10,000)
		<b>17,852</b>	<b>(168)</b>

**STEINHOFF UK RETAIL LIMITED  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE 52 WEEKS ENDED 29 JUNE 2013**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards ("IFRS's") The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates

The company's accounting period ends on the last Saturday in June

Consolidated financial statements have not been prepared by the company as permitted by Section 400 of the Companies Act 2006 as the company and its subsidiaries are included in the consolidated financial statements of Steinhoff UK Holdings Limited

**Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 3 to 4 which describes the financial position of the company, its cash flows, liquidity position, the company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk

The company meets its day to day working capital requirements through a series of overdraft facilities and revolving credit facilities arranged for the Steinhoff UK Holdings Limited group The current economic conditions create uncertainty particularly over the level of demand for the company's products, the exchange rate between sterling and dollar and thus the consequence for the cost of the company's goods for resale, and the availability of bank finance in the foreseeable future

The company consolidates its forecasts and projections into those of the Steinhoff UK Holdings group These forecasts show that, taking account of reasonably possible changes in trading performance, the company and Steinhoff UK Holdings group should be able to operate within the level of the current facility

The directors have received confirmation that Steinhoff Europe AG, the Steinhoff UK group's holding company, will continue to provide the necessary level of support to enable the Steinhoff UK group to continue to operate for a period of 12 months from the date of signing the financial statements This support is provided direct to Steinhoff UK Holdings Limited The directors have received confirmation that Steinhoff UK Holdings Limited will provide financial support to this company for a period of 12 months from the date of signing the financial statements In considering the ability of Steinhoff Europe AG, and ultimately Steinhoff International Holdings Limited's ability to provide any necessary support in the context of the uncertainties all companies face as a result of the current economic climate, the directors have obtained assurance from Steinhoff Europe AG's and Steinhoff International's management as to their financial position and forecasts and the continuing availability of their facilities Additional details surrounding these factors and mitigating actions can be found in the accounts for Steinhoff International Holdings Limited

After making enquiries from Steinhoff Europe AG, the directors have a reasonable expectation that the company and the Steinhoff UK group have adequate trading opportunities and resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern bases in preparing the annual report and accounts

**Property, plant and equipment**

Property, plant and equipment is stated at cost, net of depreciation and any recognised impairment loss

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Short-leasehold interests	Premiums Tenants' fixtures Mezzanine floors	Term of lease 8-10% per annum, or term of lease Term of lease
<i>Equipment and vehicles</i>		
Fixtures and fittings		10-25% per annum
Vehicles		20-25% per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

**Goodwill**

Goodwill arising on the acquisition of businesses represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired Goodwill is recognised as an asset and reviewed for impairment annually, or more frequently when there is an indication that it may be impaired Any impairment is recognised immediately in the income statement and is not subsequently reversed On disposal of a business the attributable amount of goodwill is included in the determination of the profit or loss on disposal

For the purpose of impairment testing, goodwill is allocated to the cash generating units expected to benefit from the synergies of the combination If the recoverable amount is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the amount of goodwill allocated to the unit and then to other assets in the unit An impairment loss recognised for goodwill is not reversed in a subsequent period

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment

**Other intangible assets**

Software is initially measured at purchase cost and is amortised over its expected useful life

Brands are initially measured at purchase cost and are reviewed for impairment annually, or more frequently when there is an indication that they may be impaired Any impairment is recognised immediately in the income statement

**Impairment of tangible and other intangible assets excluding goodwill**

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs

**STEINHOFF UK RETAIL LIMITED**  
**STATEMENT OF ACCOUNTING POLICIES (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

**Impairment of tangible and other intangible assets excluding goodwill (continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

**Revenue recognition**

Revenue represents the fair value of amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Sales are recognised on delivery to customers. Sales of items taken directly from retail stores are recognised on the date of sale. All revenue is earned from business in the UK and Eire.

Where payments are received from customers in advance of delivery, the amounts are recorded as deferred income and included as customer deposits received within creditors due within one year.

**Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises the purchase price of materials and merchandise. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange expected for the transaction. Expenses are recorded at the rate expected to be realised when the transaction is paid for based on the exchange rate provided by Steinhoff International, the current exchange rate on the date of the transaction and the forward contract rate provided by Steinhoff UK group treasury. At each balance sheet date monetary assets and liabilities denominated in foreign currencies are restated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are recognised in the income statement for the period in which the gain or loss arises. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**Investments**

Investments in subsidiary undertakings are initially measured at cost, including transaction costs. At subsequent reporting dates, investments are carried at cost subject to annual impairment review.

**Financial Instruments**

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

**Financial assets**

The financial assets are loans and receivables.

**Financial assets - Loans and receivables**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost less impairment.

**STEINHOFF UK RETAIL LIMITED**  
**STATEMENT OF ACCOUNTING POLICIES (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

**Financial instruments (continued)**

**Financial assets (continued)**

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The company includes un-presented cheques in trade creditors and uncleared lodgements in trade debtors.

**Financial instruments issued by the company**

*Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

*Other financial liabilities*

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost.

**Debt**

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period. Costs incurred in connection with a financial restructuring or renegotiation are written off to the income statement as incurred. Where such costs are material they are separately identified within finance costs.

**Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

**Retirement benefit costs**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Cost Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside of the income statement and presented in the statement of recognised income and expense. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

**Operating leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are also spread on a straight-line basis over the lease term.

**Share based payments**

The company has applied the requirements of IFRS 2 'Share based payment'. Certain employees of the company are members of the Steinhoff International Holdings Limited share incentive scheme. The fair value of the services received under this scheme is calculated by Steinhoff International Holdings Limited by the use of the Black Scholes model.

Services acquired with the share-based payment are recognised as an expense in the income statement and a corresponding increase in equity. A recharge arrangement exists whereby the company is required to reimburse Steinhoff International Holdings Limited with the difference between the exercise price on the share right and the market price of the share at the time of exercising the right. The company has recognised a provision at fair value, using cash-settled share-based payment principles, and a corresponding adjustment against equity.

**Critical judgements and estimates in applying the accounting policies**

In the process of applying the accounting policies described above, management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements:

*Pension scheme*

Valuations of the company's defined benefit schemes are inherently based on various assumptions for investment returns, discount rates, salary and pension increases in inflation. Details of the assumptions used may be found in note 17.

*Goodwill*

The calculation for considering the impairment of the carrying amount of goodwill requires a comparison of the present value of the cash-generating units for which goodwill has been allocated, to the value of goodwill in the balance sheet. The calculation of present value requires an estimation of the future cash flows expected to arise from the cash-generating units and the selection of a suitable discount rate. Details of the assumptions made may be found in note 7.

**STEINHOFF UK RETAIL LIMITED**  
**STATEMENT OF ACCOUNTING POLICIES (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

**Standards and Interpretations**

There have been no new or revised Standards or Interpretations which have affected the amounts reported in these financial statements

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective. The directors anticipate that, other than IAS 19 Employee Benefits, the adoption of these standards and interpretations will have no material impact on the company's financial statements. Details on how the changes to IAS 19 will affect the company may be found in note 17.

- Annual improvements to IFRSs 2009-2011 Cycle (May 2012),
- Amendments to IAS 32 (December 2011) Offsetting Financial Assets and Financial Liabilities,
- Amendments to IFRS 7 (December 2011) Disclosures – Offsetting Financial Assets and Financial Liabilities,
- IFRS 9 Financial Instruments,
- IAS 19 (revised June 2011) Employee Benefits,
- IFRS 13 Fair Value Measurement,
- IFRS 12 Disclosure of Interests in Other Entities,
- IFRS 11 Joint Arrangements,
- IFRS 10 Consolidated Financial Statements,
- IAS 28 (revised May 2011) Investments in Associates and Joint Ventures,
- IAS 27 (revised May 2011) Separate Financial Statements,
- Amendments to IFRS 1 (March 2012) Government Loans,
- Amendments to IFRS 10, IFRS 12 and IAS 27 (October 2012) Investment Entities,
- Amendments to IAS 36 (May 2013) Recoverable Amount Disclosures for Non-Financial Assets, and
- Amendments to IAS 39 (June 2013) Novation of Derivatives and Continuation of Hedge Accounting

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

**1 Restructuring costs**

During the period, the company transferred a portion of the warehouse and distribution network, including staff and certain tangible fixed assets (note 9) to a fellow group company, and a lease for a new warehouse was entered into by the Steinhoff UK Group. As a result, exceptional costs of £1,962,000, including redundancies and duplicate warehouse costs, were incurred during the period.

	<b>52 weeks to 29 June 2013 £'000</b>	<b>53 weeks to 30 June 2012 £'000</b>
<b>2 Interest Income &amp; Finance costs</b>		
<b>Interest income</b>		
Intercompany loan interest	2,129	5,376
Bank and other interest receivable	299	-
	<b>2,428</b>	<b>5,376</b>
<b>Finance costs</b>		
Intercompany loan interest	1,015	1,016
Bank and other interest payable	143	394
	<b>1,158</b>	<b>1,410</b>
	<b>52 weeks to 29 June 2013 £'000</b>	<b>53 weeks to 30 June 2012 £'000</b>
<b>3 Staff costs</b>		
The aggregate remuneration (including executive directors) comprised		
Wages and salaries	66,138	71,656
Social security costs	6,416	6,710
Pension costs (note 17)	527	533
	<b>73,081</b>	<b>78,899</b>
The average monthly number of employees (including executive directors) was	<b>Number</b>	<b>Number</b>
Selling and distribution	2,331	2,720
Administration	292	341
	<b>2,623</b>	<b>3,061</b>
	<b>52 weeks to 29 June 2013 £'000</b>	<b>53 weeks to 30 June 2012 £'000</b>
<b>4 Directors' emoluments and transactions</b>		
Highest paid director's emoluments		
Short term employee benefits	481	443
Post employment benefits	36	27
	<b>517</b>	<b>470</b>

The highest paid director exercised share options during the year

	<b>Number</b>	<b>Number</b>
Members of defined contribution scheme	2	2

**Key management personnel**

The remuneration of the directors of the company, who are the key management personnel, is set out in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures"

	<b>52 weeks to 29 June 2013 £000</b>	<b>53 weeks to 30 June 2012 £000</b>
Short term employee benefits	1,083	705
Post employment benefits	46	36
	<b>1,129</b>	<b>741</b>

Certain directors of the company are members of the Steinhoff International Holdings Limited share incentive scheme. During the year 1 (2012) no director who is remunerated by the company exercised options under this scheme.

The emoluments of Messrs Jooste, Nel, Odendaal, Grobler and van der Merwe were paid by Steinhoff International Holdings Limited in South Africa in both the current and prior period. It is not practicable to split their remuneration between their services to group companies. Details of the emoluments can be found in that company's financial statements. Mr Sussman does not receive remuneration from the Group.

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

	52 weeks to 29 June 2013 £'000	53 weeks to 30 June 2012 £'000
<b>5 Profit before taxation</b>		
The profit from ordinary activities before taxation is stated after charging/(crediting)		
Cost of inventories recognised as an expense	209,963	204,883
Cost of inventories written off recognised as an expense	6,319	3,593
Net foreign exchange gain	(593)	(63)
Depreciation of property, plant & equipment (note 9)	7,310	7,210
Impairment of property, plant & equipment (note 9)	1,180	1,917
Amortisation of intangible assets (note 8)	796	735
Impairment of intangible assets (note 8)	718	-
Operating lease rentals - leasehold properties (note 22)	39,638	42,398
Operating lease rentals - other fixed assets (note 22)	3,121	4,104
(Profit)/loss on disposal of property, plant & equipment	(62)	656
Loss on disposal of intangible assets	1	41
Staff costs (note 3)	<u>73,081</u>	<u>78,899</u>
<b>Auditor's remuneration</b>		
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>196</u>	<u>189</u>
<b>Auditor's remuneration for non-audit services</b>		
Tax services	3	30
Other services	-	15
Total non-audit services	<u>3</u>	<u>45</u>
	52 weeks to 29 June 2013 £'000	53 weeks to 30 June 2012 £'000
<b>6 Taxation</b>		
<i>Current tax</i>		
UK corporation tax on profit for the period	4,118	1,901
Difference in respect of prior periods' corporation tax	(426)	845
Current tax charge	<u>3,692</u>	<u>2,746</u>
<i>Deferred tax</i>		
Movement on deferred tax asset (note 16)	<u>396</u>	<u>641</u>
Total taxation	<u>4,088</u>	<u>3,387</u>
The tax charge for the period can be reconciled to the profit per the income statement as follows		
Profit before taxation	<u>15,324</u>	<u>19,389</u>
Tax at the current UK corporation tax rate of 23.75% (2012: 25.5%)	3,639	4,944
Expenses not deductible for tax purposes	218	55
Timing differences not recognised	580	(2,570)
Change in corporation tax rates	77	113
Difference in respect of prior periods' tax	(426)	845
	<u>4,088</u>	<u>3,387</u>

The UK Government announced a reduction in the UK corporation tax rate from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. As this was not substantively enacted until 2 July 2013, the deferred tax balances have been stated using the rate in operation at 29 June 2013 of 23%. The reduction in the balance sheet carrying value of deferred tax assets to reflect the rate of tax of 23% has resulted in a current period tax charge of £77,000. Future rate reductions would further reduce the UK deferred tax assets recognised but the actual impact will be dependent on the deferred tax position at the time.

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

	29 June 2013 £'000	30 June 2012 £'000
<b>7 Goodwill</b>		
<b>Cost and carrying amount</b>		
At start and end of period	<u>73,393</u>	<u>73,393</u>

Goodwill, which is attributable to furniture and bed retailing, is reviewed annually for impairment. Each cash generating unit's recoverable amount is based on projections of the unit's cash generating performance extrapolated into perpetuity. The projections use the budget for the next 3 financial years including an assumption of ongoing selling and marketing support from Steinhoff Europe, and an assumption of growth of 2.7% thereafter. Cash flows are discounted at a weighted average cost of capital of 7.82% (2012: 5.63%). The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money.

The growth rates are based on management estimates taking into account current trading performance and expected future economic conditions. Anticipated growth rates across divisions remains positive as in the previous period despite the challenging economic conditions as there are opportunities to increase market share with several competitors having ceased to trade.

The results of the calculations are subject to sensitivity tests in assessing whether any impairment is required. Based on the above assumptions, the directors have concluded that no impairment is required.

	Software & total £'000
<b>8 Intangible assets</b>	
<b>Cost</b>	
At 1 July 2012	7,629
Additions	562
Disposals	<u>(17)</u>
At 29 June 2013	<u>8,174</u>
<b>Amortisation</b>	
At 1 July 2012	3,795
Charge for period	796
Impairment	718
Disposals	<u>(8)</u>
At 29 June 2013	<u>5,301</u>
<b>Net book amount</b>	
At 29 June 2013	<u>2,873</u>
At 1 July 2012	<u>3,834</u>
	Software & total £'000
<b>Cost</b>	
At 26 June 2011	5,948
Additions	1,711
Transfer from property, plant & equipment (note 9)	27
Disposals	<u>(57)</u>
At 30 June 2012	<u>7,629</u>
<b>Amortisation</b>	
At 26 June 2011	3,064
Transfer from property, plant & equipment (note 9)	15
Charge for period	735
Disposals	<u>(19)</u>
At 30 June 2012	<u>3,795</u>
<b>Net book amount</b>	
At 30 June 2012	<u>3,834</u>
At 26 June 2011	<u>2,884</u>

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

9 Property, plant & equipment	Short leasehold property interests	Equipment and vehicles	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 July 2012	10,110	56,751	66,861
Additions	2,114	11,650	13,764
Transfer to fellow group company	(181)	(3,690)	(3,871)
Disposals	(561)	(11,499)	(12,060)
At 29 June 2013	<u>11,482</u>	<u>53,212</u>	<u>64,694</u>
<b>Depreciation</b>			
At 1 July 2012	6,994	40,086	47,080
Charge for period	1,178	6,132	7,310
Impairment charge	-	1,180	1,180
Transfer to fellow group company	(127)	(2,398)	(2,525)
Disposals	(409)	(11,274)	(11,683)
At 29 June 2013	<u>7,636</u>	<u>33,726</u>	<u>41,362</u>
<b>Net book amount</b>			
At 29 June 2013	<u>3,846</u>	<u>19,486</u>	<u>23,332</u>
At 1 July 2012	<u>3,116</u>	<u>16,665</u>	<u>19,781</u>
	Short leasehold property interests	Equipment and vehicles	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 26 June 2011	10,723	61,417	72,140
Additions	1,798	5,754	7,552
Transfer to intangible assets (note 8)	(27)	-	(27)
Disposals	(2,384)	(10,420)	(12,804)
At 30 June 2012	<u>10,110</u>	<u>56,751</u>	<u>66,861</u>
<b>Depreciation</b>			
At 26 June 2011	7,258	41,926	49,184
Charge for period	610	6,600	7,210
Impairment	-	1,917	1,917
Transfer to intangible assets (note 8)	(15)	-	(15)
Disposals	(859)	(10,357)	(11,216)
At 30 June 2012	<u>6,994</u>	<u>40,086</u>	<u>47,080</u>
<b>Net book amount</b>			
At 30 June 2012	<u>3,116</u>	<u>16,665</u>	<u>19,781</u>
At 26 June 2011	<u>3,465</u>	<u>19,491</u>	<u>22,956</u>
		29 June 2013	30 June 2012
		£'000	£'000
<b>10 Investments in subsidiaries</b>			
<b>Cost</b>			
At start and end of period		<u>3,115</u>	<u>3,115</u>
<b>Provision</b>			
At start and end of period		<u>3,015</u>	<u>3,015</u>
<b>Carrying amount</b>			
At end of period		<u>100</u>	<u>100</u>
At start of period		<u>100</u>	<u>100</u>
<b>Principal operating subsidiaries</b>	<b>Place of incorporation and operation</b>	<b>Principal activity</b>	<b>Proportion of ownership and voting rights</b>
			2013
			2012
Steinhoff UK Upholstery Limited	England & Wales	Import/distribution	100%
			100%

The investments in subsidiaries are stated at cost less provision for impairment. The impairment is against non-trading subsidiaries, details about which have not been disclosed.

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

	29 June 2013 £'000	30 June 2012 £'000
<b>11 Inventories</b>		
Goods for resale	<u>39,253</u>	<u>40,136</u>

	29 June 2013 £'000	30 June 2012 £'000
<b>12 Trade and other receivables</b>		
Trade receivables	3,932	3,055
Other receivables	4,287	5,184
Prepayments and accrued income	3,057	1,937
Less provision for impairment of receivables	<u>(306)</u>	<u>(485)</u>
	10,970	9,691
Amounts owed by group undertakings	<u>115,422</u>	<u>265,046</u>
	<u>126,392</u>	<u>274,737</u>

The majority of the company's sales are paid for in cash or by debit/credit card. The credit period on sales of goods, where credit is given, is between approximately 30 and 60 days. The provision for receivables is estimated by the company's management based on prior experience and the current economic environment.

Included in the company's receivable balance are debtors with a carrying amount of £279,000 (2012 £424,000) which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the company believes that the amounts are still considered recoverable. The company does not hold any collateral over these balances. The average age of these receivables is less than 1 month overdue (2012 between 1 and 3 months overdue).

Based on the financial position of the larger Steinhoff group, the directors consider there to be no significant credit risk arising from amounts owed by group undertakings. Further details on make up of the group balances is provided in note 24. Amounts owed by group undertakings are neither impaired nor overdue. No interest is charged on overdue debts.

	2013 £'000	2012 £'000
<b>Movement in the allowance for doubtful debts</b>		
At start of period	485	877
Amounts written off in the period	(75)	-
Amounts recovered in the period	(117)	(640)
Increase in allowance recognised in the income statement	<u>13</u>	<u>248</u>
At end of period	<u>306</u>	<u>485</u>

In determining the recoverability of the receivable, the company considers any change in the credit quality of the customer from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large, the relative balances being immaterial and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are specific receivables with a balance of £93,000 (2012 £93,000) due from companies which have been placed under liquidation. These balances have been fully provided for.

	2013		2012	
	Value of receivables £'000	%	Value of receivables £'000	%
The ageing of receivables is				
Neither past due nor impaired	123,056	99.8%	272,376	99.8%
Past due up to 3 months but not impaired - trade debts	265	0.2%	424	0.2%
Past due by over 3 months but not impaired - trade debts	14	0.0%	-	0.0%
	<u>123,335</u>	<u>100%</u>	<u>272,800</u>	<u>100%</u>

	29 June 2013 £'000	30 June 2012 £'000
<b>The ageing of impaired receivables is</b>		
60-90 days overdue	50	18
90-120 days overdue	20	27
120+ days overdue	<u>124</u>	<u>174</u>
	<u>194</u>	<u>219</u>

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

	29 June 2013 £'000	30 June 2012 £'000
<b>13 Trade and other payables - less than one year</b>		
Trade payables	22,894	21,277
Amounts owed to group undertakings	92,253	207,952
Other payables	174	1,157
Customer deposits received	21,316	21,679
Other taxes and social security	4,455	5,059
Accruals and deferred income	21,384	22,648
	<u>162,476</u>	<u>279,772</u>

The directors consider that the carrying amount of trade and other payables approximate to their fair value

The average credit period taken for trade payables is between 30 and 60 days

	29 June 2013 £'000	30 June 2012 £'000
<b>14 Bank overdrafts and loans</b>		
Bank overdrafts	-	10,000

Bank borrowings are arranged at floating interest rates linked to bank base rate, thus exposing the company to cash flow interest rate risk. They are repayable on demand.

	29 June 2013 %	30 June 2012 %
The weighted average interest rates in the period were		
Bank overdrafts	<u>2.9%</u>	<u>3.2%</u>

	Property £000	Share options £000	Total £000
<b>15 Provisions for liabilities and charges</b>			
At 1 July 2012	1,164	-	1,164
Charged during the period	128	1,877	2,005
<b>At 29 June 2013</b>	<u>1,292</u>	<u>1,877</u>	<u>3,169</u>
Included in current liabilities	83	796	879
Included in non-current liabilities	1,209	1,081	2,290
<b>At 29 June 2013</b>	<u>1,292</u>	<u>1,877</u>	<u>3,169</u>
	Property £000	Share options £000	Total £000
At 27 June 2011	1,588	-	1,588
Released during the period	(424)	-	(424)
<b>At 30 June 2012</b>	<u>1,164</u>	<u>-</u>	<u>1,164</u>
Included in current liabilities	181	-	181
Included in non-current liabilities	983	-	983
<b>At 30 June 2012</b>	<u>1,164</u>	<u>-</u>	<u>1,164</u>

Property provisions are calculated based on the remaining term of the lease or estimated date of assignment if earlier

Provisions for share options are calculated in accordance with the accounting policy

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

	29 June 2013 £000	30 June 2012 £000
<b>16 Deferred tax asset</b>		
Accelerated capital allowances	5,933	5,901
Pension fund (note 17)	1,726	1,859
Short term timing differences	1,694	1,549
	<u>9,353</u>	<u>9,309</u>
Recognised as recoverable in non-current assets		
- in respect of defined benefit pension schemes (note 17)	1,726	1,859
- in respect of share based payments	432	342
	<u>2,158</u>	<u>2,201</u>
Not recognised	7,195	7,108
	<u>9,353</u>	<u>9,309</u>

The amount recognised as an asset represents the amount expected to be recovered from the utilisation of tax losses in the foreseeable future. The amount not recognised is due to the unpredictability of future profit streams, though tax losses may be carried forward indefinitely.

	29 June 2013 £000	30 June 2012 £000
The movements on the deferred taxation asset during the period were as follows		
At start of period	2,201	1,477
Charge for the period - income statement (note 6)	(396)	(641)
Income for the period - statement of comprehensive income	544	1,365
Deferred tax on share based payments charge in equity	(191)	-
At end of period	<u>2,158</u>	<u>2,201</u>

**17 Retirement benefits**

**Defined contribution schemes**

The company now operates one defined contribution pension scheme. The assets of the scheme are held separately from those of the company in funds under the control of trustees.

The total cost charged to the income statement of £527,000 (53 weeks ended 30 June 2012: £533,000) represents contributions payable to these schemes by the company at rates specified in the rules of the schemes. At 29 June 2013, contributions of £54,000 (2012: £56,000) had not been paid over to the scheme.

**Defined benefit schemes**

The company operates two defined benefit pension schemes. Under the schemes, the employees are entitled to retirement benefits based on final salary on attainment of retirement age (or earlier withdrawal or death). No other post-retirement benefits are provided.

The pension scheme was transferred from a fellow group company in a previous period. This company originally operated eight defined benefit schemes, which were closed to future accrual of benefits towards the end of 2006. At that time, all active members became deferred members. Seven of these eight schemes were merged in October 2007.

Major financial assumptions for the IAS 19 valuation were

	2013 %	2012 %
<i>Assumptions (% per annum)</i>		
Discount rate	4.60	4.65
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment (RPI)	3.20	2.75
Rate of increase in pensions in payment (CPI)	2.25	1.80
Rate of increase in deferred pensions	2.25	1.80
Inflation (RPI) assumption	3.25	2.80
Inflation (CPI) assumption	2.25	1.80
Expected rate of return on assets	6.48	6.14

The following table shows assumed life expectancies for example members at 29 June. The underlying mortality tables at 29 June 2013 and 30 June 2012 are based on the published SAPS tables, with 113%/109% loading for pensioners/non-pensioners and with CMI improvements tending to 1% from 2010.

	2013	2012
<i>Life expectancy (yrs)</i>		
Current pensioner aged 65 (male)	21.3	21.2
Current pensioner aged 65 (female)	23.4	23.3
Future pensioner aged 65 in 10 years (male)	22.2	22.2
Future pensioner aged 65 in 10 years (female)	24.5	24.4

At 29 June 2013, members have been assumed to take 85% of the maximum allowable amount of tax-free cash at retirement. The remaining demographic assumptions at 29 June 2013 are the same as those used for the 31 December 2010 actuarial valuation of the merged scheme.

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

**17 Retirement benefits (continued)**

The following information in respect of the schemes has been provided in accordance with the requirements of IAS 19

	Expected rate of return (gross of expenses)		Expected rate of return (gross of expenses)	
	2013	Fair value	2012	Fair value
	%	£000	%	£000
Equities	7.45%	24,390	7.00%	21,647
Diversified Growth Fund	7.45%	21,135	7.00%	19,669
Bonds	4.60%	22,366	4.65%	23,224
Cash	3.00%	324	3.00%	15
Escrow account	3.00%	375	3.00%	-
Total market value of assets		<u>68,590</u>		<u>64,555</u>
Less deferred tax		<u>(15,776)</u>		<u>(15,493)</u>
		<u>52,814</u>		<u>49,062</u>
Present value of scheme liabilities		<u>76,094</u>		<u>72,302</u>
Less deferred tax		<u>(17,502)</u>		<u>(17,352)</u>
		<u>58,592</u>		<u>54,950</u>
Net pension liability under IAS 19		<u>(5,778)</u>		<u>(5,888)</u>
Included in non-current assets (note 16)		1,726		1,859
Included in non-current liabilities		<u>(7,504)</u>		<u>(7,747)</u>
Total		<u>(5,778)</u>		<u>(5,888)</u>

The expected return on assets assumption has been derived by considering the appropriate return for each of the main asset classes listed above. The yields assumed on bond investments are based on published redemption yields at the balance sheet date. The assumed return on equities and diversified growth funds reflects an allowance for the expected outperformance of these asset classes over government bonds in the long-term. The expected rate of returns are gross of expenses.

	29 June 2013	30 June 2012
	£000	£000
<b>Analysis of amount charged to the income statement</b>		
Total charge to operating profit	-	-
Net interest:		
Expected return on scheme assets	3,107	3,537
Interest on scheme liabilities	(3,277)	(3,666)
Net charge	<u>(170)</u>	<u>(129)</u>
Amounts charged to the income statement	<u>(170)</u>	<u>(129)</u>
<b>Statement of comprehensive income</b>		
Actual less expected return on assets	1,826	(1,595)
Experience gains	-	-
Change in assumptions loss	(4,190)	(4,092)
Actuarial loss recognised before tax	<u>(2,364)</u>	<u>(5,687)</u>
Pre tax cumulative amount of losses recognised in the statement of comprehensive income	<u>(6,688)</u>	<u>(4,324)</u>
<b>Movement in deficit during the period</b>		
Deficit in scheme at beginning of period	(7,747)	(4,420)
Contributions	2,777	2,489
Other finance expense	(170)	(129)
Actuarial loss	(2,364)	(5,687)
Deficit in scheme before deferred tax	<u>(7,504)</u>	<u>(7,747)</u>
Deferred tax	1,726	1,859
Deficit in scheme at end of period net of deferred tax	<u>(5,778)</u>	<u>(5,888)</u>
<b>Movements in the present value of defined benefit obligations were as follows</b>		
Liabilities at start of period	72,302	68,763
Interest expense	3,277	3,666
Actuarial loss	4,190	4,092
Benefits paid	<u>(3,675)</u>	<u>(4,219)</u>
Liabilities at end of period	<u>76,094</u>	<u>72,302</u>

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

	29 June 2013 £000	30 June 2012 £000
<b>17 Retirement benefits (continued)</b>		
<b>Movements in the fair value of scheme assets were as follows</b>		
Assets at start of period	64,555	64,343
Expected return on scheme assets	3,107	3,537
Actuall gain/(loss)	1,826	(1,595)
Employer contributions	2,777	2,489
Benefits paid	(3,675)	(4,219)
Assets at end of period	<u>68,590</u>	<u>64,555</u>
Actual return on assets	<u>4,933</u>	<u>1,942</u>

Company contributions to the defined benefit schemes for the period to 28 June 2014 are expected to be around £2.8 million (including scheme-related expenses)

**Amendments to IAS 19 'Employee Benefits'**

The forthcoming changes to IAS 19 will be effective for the company's accounts for the 52 weeks ending 28 June 2014. Retrospective adoption is required and so the prior period will be restated.

The key change affecting the company is the replacement of the expected return on pension plan assets and interest expense on pension plan liabilities with a single net interest component calculated on the net defined benefit liability or asset using the discount rate used to determine the defined benefit obligation.

The company estimates that, based on the results for the 52 weeks ending 29 June 2013, the effect of the IAS 19 amendment will be to increase the total amount charged to the Income Statement by around £1 million. The net pension liability will be unaffected by the changes.

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
<b>Details of experience gains and losses</b>					
Scheme assets	68,590	64,555	64,343	60,677	49,858
Scheme liabilities	(76,094)	(72,302)	(68,763)	(69,942)	(58,800)
Deficit before tax	<u>(7,504)</u>	<u>(7,747)</u>	<u>(4,420)</u>	<u>(9,265)</u>	<u>(8,942)</u>
Experience gain on plan liabilities	-	-	242	-	-
Experience gain/(loss) on scheme assets	<u>1,826</u>	<u>(1,595)</u>	<u>476</u>	<u>8,855</u>	<u>(7,794)</u>

	29 June 2013 £'000	30 June 2012 £'000
<b>18 Called-up share capital</b>		
<b>Ordinary shares</b>		
Issued and fully paid		
734,418,057 (2012: 734,418,057) ordinary shares of 0.1p each	<u>734</u>	<u>734</u>

	<b>Retained earnings</b>	
	2013 £'000	2012 £'000
<b>19 Reserves</b>		
At start of period	2,689	(9,080)
Actuall loss on retirement benefit schemes net of deferred tax	(1,820)	(4,322)
Share based payments (charge)/credit	(2,942)	89
UK corporation tax on share based payments charge	527	-
Deferred tax on share based payments charge	(191)	-
Profit for the period	<u>11,236</u>	<u>16,002</u>
At end of period	<u>9,499</u>	<u>2,689</u>

The movements arising from share based payments arise from accounting under IFRS 2 in respect of the Steinhoff International Group's share option scheme. In the prior period, the company was not required to reimburse Steinhoff International Holdings Limited for services received under this scheme, therefore amounts charged to the income statement were credited to reserves in the same period. In the current and future periods, however, the company will be required to reimburse Steinhoff International Holdings Limited with the difference between the exercise price on the share right and the market price of the share at the time of exercising the right, for which a provision has been recognised (see note 15). For more information, see the accounting policies.

**20 Financial commitments**

The company has entered into a composite cross guarantee with the other companies in the Steinhoff UK Group to guarantee the Steinhoff UK group's bank loans and overdrafts. The maximum potential liability under this guarantee at period end was limited to £10,000,000 (2012: £20,000,000).

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

**21 Financial Instruments**

**Capital risk management**

The company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from the prior period.

The capital structure of the company consists of debt, which includes the bank overdraft, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the balance sheet.

The company is not subject to any externally imposed capital requirements.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policy note.

<b>Categories of financial instruments</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial assets at amortised cost</b>		
Cash	17,852	9,832
Loans and receivables		
- Trade and other receivables	7,913	7,754
- Amounts owed by group undertakings		
- non-current loan	26,550	5,469
- current account balances	115,422	265,046
	<b>167,737</b>	<b>288,101</b>
<b>Financial liabilities at amortised cost</b>		
Bank overdrafts	-	10,000
Trade payables	22,894	21,277
Amounts owed to group undertakings - current	92,253	207,952
Other payables	174	1,157
	<b>115,321</b>	<b>240,386</b>

The non-current amounts owed to and due from group undertakings all fall due for repayment on or after 30 September 2014. The current amounts have no fixed period of repayment and have therefore been treated as current.

**Financial risk management objectives**

The executive team is responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively, embedding a risk mitigation culture throughout the company. The board and the audit and risk management committee are provided with a consolidated view of the risk profile of the company. All major exposures are identified and mitigating controls identified and implemented.

Regular management reporting and assessment of the effectiveness of controls by internal audit provide a balanced assessment of the effectiveness of key risks and controls.

The Steinhoff UK central finance function communicates with operating divisions and consolidates the company's requirements. It plays a role in the identification and management of the following risks: currency risk, interest rate risk, credit risk and liquidity risk.

**Foreign currency risk management**

The majority of the company's inventory is sourced outside the United Kingdom and as such the company is exposed either directly or indirectly to the fluctuation in exchange rates. The foreign currency risk is managed centrally by the Steinhoff UK group. The consolidated UK group requirement is reviewed on a weekly basis and forward cover is purchased by a fellow subsidiary to cover expected usage in line with guidelines issued by Steinhoff International Holdings Ltd.

To the extent that purchases are done through group companies or other intermediaries in sterling, the impact on pricing is closely monitored and fluctuations in the cost of goods for resale, if material, are factored into future sales prices.

The carrying amount of the company's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	<b>Liabilities</b>		<b>Assets</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
USD	(105)	(148)	31	532
Euro	(1)	(1)	34	36

**Foreign currency sensitivity**

The company is mainly exposed to US dollars and Euros. The sensitivity analysis of the company's exposure to foreign currency risk at the reporting date in the table below has been determined based on the change taking place at the beginning of the financial period and held constant throughout the reporting period.

<b>(Decrease)/increase in profits</b>	<b>Weakening pound</b>		<b>Strengthening pound</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
USD 10%	(1,194)	(1,717)	1,194	1,717
Euro 10%	(7)	(24)	7	24

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

**21 Financial instruments (continued)**

**Forward exchange contracts**

The administration of forward contracts is centralised for the Steinhoff UK group so no forward contracts are entered into by the company

The company does not speculate with derivatives or other financial instruments

**Interest rate risk management**

The company manages interest rate risk centrally through the Steinhoff UK group's central treasury. Divisional cash resources are matched with the net funding requirements. Funds are from three sources namely internally generated funds, the company facilities and group resources and are managed to keep a competitive market related cost of funding.

The company has variable rate borrowings, and ensures that as far as practical, interest costs are maintained at the lowest possible level.

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and a stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period.

At the reporting date, if interest rates had been 50 basis points lower and all other variables were held constant, the company's net profit would reduce by £492,000 (2012 £636,000). If interest rates had been 50 basis points higher and all other variables were held constant, the company's net profit would increase by £792,000 (2012 £636,000). This is mainly attributable to the group's exposure to interest rates on its variable rate group loans and bank borrowings.

**Credit risk management**

Potential concentration of credit risk consists principally of short-term cash and cash equivalent investments, trade and other receivables. The company deposits short-term cash surpluses with the same bank granting it overdraft facilities. Receivables comprise a large and widespread customer base and the company performs ongoing credit evaluations on the financial condition of customers. The ability of group undertakings to repay amounts due is assessed. At 29 June 2013, the company did not consider there to be any other significant concentration of credit risk which had not been adequately provided for. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment.

**Liquidity risk management**

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected.

Liquidity risk is managed at various levels, starting at the ultimate holding company and cascading down to the UK group of companies of which this company is one. The UK group manages liquidity risk by monitoring forecast cash flows which are provided weekly and by ensuring that adequate borrowing facilities are available. The company generates its own cash to meet obligations, and additional cash is obtained from existing lines of credit and from group facilities based on the forecast requirements.

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities and has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities except where the company is entitled and intends to repay the liability before its maturity.

	0 - 3 months £000	3 months to 1 year £000	1-5 years £000	More than 5 years £000	Total £000
<b>2013</b>					
Amounts payable to group companies	92,253	-	-	-	92,253
Trade and other payables	22,730	338	-	-	23,068
	<u>114,983</u>	<u>338</u>	<u>-</u>	<u>-</u>	<u>115,321</u>
<b>2012</b>					
Amounts payable to group companies	207,952	-	-	-	207,952
Bank overdrafts and interest bearing loans	10,000	-	-	-	10,000
Trade and other payables	22,251	183	-	-	22,434
	<u>240,203</u>	<u>183</u>	<u>-</u>	<u>-</u>	<u>240,386</u>

**Fair values**

The fair values of the company's trade receivables, cash and cash equivalents, trade payables, short-term provisions and loans and overdrafts with a maturity of less than one year are assumed to approximate to their book value. The company's interest bearing financial liabilities are all subject to floating interest rates, and so the fair value of interest bearing assets and liabilities also approximates to book value.

**STEINHOFF UK RETAIL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE 52 WEEKS ENDED 29 JUNE 2013**

	52 weeks to 29 June 2013 £'000	53 weeks to 30 June 2012 £'000
<b>22 Operating lease commitments</b>		
Minimum lease payments under operating leases recognised as an expense during the period	<u>42,759</u>	<u>46,502</u>

At the balance sheet date the company had outstanding commitments for future minimum lease payments under non cancellable operating leases which fall due as follows

	Land & Buildings 29 June 2013 £000	Plant & Machinery 29 June 2013 £000	Land & Buildings 30 June 2012 £000	Plant & Machinery 30 June 2012 £000
<b>The company as lessee</b>				
Amount falling due				
Within one year	5,506	2,610	3,648	2,752
Between two and five years	16,591	3,609	9,936	3,142
After five years	35,850	-	3,854	-
<b>Total</b>	<u>57,947</u>	<u>6,219</u>	<u>17,438</u>	<u>5,894</u>

The administration of leases for land and buildings is performed by fellow subsidiaries of Steinhoff International Holdings Limited. These companies pay all costs arising from these leases, and recharge agreed costs to Steinhoff UK Retail Limited who occupy the properties.

Lease commitments are non-cancellable in respect of vehicles and on other plant and machinery.

The administration of sub-let vacant stores or parts of stores to third parties is also administered by fellow subsidiaries of Steinhoff International Holdings Limited. The income and expenditure from this activity is recognised in those companies.

**23 Parent company and ultimate controlling party**

The company is a wholly-owned subsidiary undertaking of Steinhoff UK Holdings Limited, a company registered in England and Wales.

The ultimate controlling party is Steinhoff International Holdings Limited, a company incorporated in The Republic of South Africa.

The smallest group for which the results of the company are consolidated is headed by Steinhoff UK Holdings Limited. Copies of these consolidated financial statements may be obtained from 5th Floor, Festival House, Jessop Avenue, Cheltenham, Gloucestershire, GL50 3SH, England.

The largest group for which the results of the company are consolidated is headed by Steinhoff International Holdings Limited. Copies of these consolidated financial statements may be obtained via the website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

**24 Related party transactions**

Transactions between the company and its associates in the Steinhoff International Holdings Limited group are disclosed below.

	Sales of goods/ services £000	Purchase of goods/ services £000	Rental of properties and associated costs £000	Net finance revenue/ (costs) £000	Amounts owed by related parties £000	Amounts owed to related parties £000
<b>Period ended 29 June 2013</b>						
Steinhoff UK Holdings Limited - parent company	-	-	-	(344)	-	18,137
Other companies in the Steinhoff Group	61,432	(161,330)	(70,536)	1,458	141,972	(110,390)
	<u>61,432</u>	<u>(161,330)</u>	<u>(70,536)</u>	<u>1,114</u>	<u>141,972</u>	<u>(92,253)</u>
<b>Amounts owed by/(to) related parties consist of</b>						
Non-current					26,550	-
Current (notes 12, 13)					<u>115,422</u>	<u>(92,253)</u>
					<u>141,972</u>	<u>(92,253)</u>
<b>Period ended 30 June 2012</b>						
Steinhoff UK Holdings Limited - parent company	-	-	-	(325)	-	(20,346)
Other companies in the Steinhoff Group	61,357	(133,539)	(76,445)	4,685	270,515	(187,606)
	<u>61,357</u>	<u>(133,539)</u>	<u>(76,445)</u>	<u>4,360</u>	<u>270,515</u>	<u>(207,952)</u>
<b>Amounts owed by/(to) related parties consist of</b>						
Non-current					5,469	-
Current (notes 12, 13)					<u>265,046</u>	<u>(207,952)</u>
					<u>270,515</u>	<u>(207,952)</u>

All transactions have been negotiated on an arms length basis and are no less favourable than those arranged with third parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received in respect of the intercompany balances, except as disclosed in note 20.