Registration number: 00040754

Steinhoff UK Retail Limited

Annual Report and Financial Statements

for the 65 week Period from 28 June 2015 to 24 September 2016

Steinhoff UK Retail Limited

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Steinhoff UK Retail Limited

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Directors	PJ Dieperink SJ Grobler MJ Jooste H Odendaal S Summers DM Van Der Merwe
Company secretary	JH Robins
Registered office	5th Floor Festival House Jessop Avenue Cheltenham Gloucestershire GL50 3SH
Auditor	Deloitte LLP Statutory Auditor 2 Hardman Street Manchester

Strategic Report for the Period from 28 June 2015 to 24 September 2016

In line with the ultimate parent company, the company's accounting reference date has changed to 30 September (from 30 June) and therefore the directors present their strategic report for the 65 week period from 28 June 2015 to 24 September 2016.

Review of the business, Key performance indicators and Future developments
The company's principal business activity remains the retailing of furniture and beds. During the period, the company made the decision to withdraw the Cargo brand from the high street. The company now therefore trades primarily under the fasciae of Harveys and Bensons for Beds, but retains the use of other brands such as Cargo, Reid and Sleepmasters within its stores.

The directors consider revenue, gross profit, profit before tax and net assets to be the key performance indicators of the business.

The change in accounting reference date and resulting 65 week period makes comparison with the previous period difficult, particularly because of the seasonal nature of the industry. The September quarter ordinarily has the lowest number of deliveries, and so revenue growth of 36%, when the period has been lengthened by just 25%, shows how the company's revenue has grown.

The store refurbishment and refreshment programme that has taken place over the last few years is now beginning to reach a natural conclusion; as at 24 September 2016 83% of the estate had been refurbished. Additions to property, plant and equipment were £17.3 million in the 65 week period (52 weeks to 27 June 2015: £19.8 million). In recent years the company has also invested significantly in the websites of both the Harveys and Bensons brands, improving their online presence and reaching out to new customers which has contributed to the revenue growth.

2016 was a turbulent time politically, and Britain's vote to leave the European Union had a significant effect on the strength of the pound sterling. A significant portion of the company's products which originate overseas are priced relative to the exchange rate between the sterling and the US dollar, which has put pressure on the company's margin. Despite these pressures, the company has continued to offer value to customers.

Other operating expenses have increased from £221.5 million to £309.6 million, with operating profit reducing from £25.8 million to £25.2 million. As stated above, the September quarter generally has the lowest level of delivered revenue due to the seasonality of the business, and because of this it is also the least profitable, which is why there is no profit growth seen in these results despite the higher revenue.

Investment income totalled £1.5 million (2015: £2.6 million). The reduction was largely due to reduced dividends received from subsidiaries. Finance costs of £1.1 million were slightly higher than the prior period of £0.9 million.

Profit before tax as a result was £25.7 million (2015: £27.4 million), and after the tax charge of £5.7 million (2015: £5.3 million), profit after tax for the period was £20 million (52 weeks ended 27 June 2015: £22.1 million).

The liability to the company's defined benefit scheme increased significantly during the period, from £2.8 million to £14.6 million, despite the contributions made by the company. This is mainly due to an actuarial loss of £13.9 million as a result of changes to the financial assumptions; in particular, a reduction of the discount rate assumption over the period. This is a result of large falls in bond yields following the EU referendum and the introduction of a stimulus package by the Bank of England.

Review of the business, Key performance indicators and Future developments (continued)
Total other comprehensive income, after the actuarial loss and related deferred tax movement, was £8.4 million (2015: £21.5 million).

After taking into account share based payment transactions and a dividend paid of £20 million, the company's net asset value reduced to £140.8 million at 24 September 2016 (2015: £153.3 million).

The directors do not anticipate the principal activity of the business changing in the foreseeable future and expect the current level of activity to continue.

Principal risks and uncertainties
The company has substantial net assets together with a large number of customers and suppliers. It also receives support from the larger Steinhoff group. 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 company's market remains highly competitive with a large number of industry players. Price competition is inherent in such a market. 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.

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 overseas 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 fellow Steinhoff group companies, 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.

Approved by the Board on 29 June 2017 and signed on its behalf by:

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PJ Dieperink
Director

Steinhoff UK Retail Limited

Directors' Report for the Period from 28 June 2015 to 24 September 2016

The directors present their report and the financial statements for the period from 28 June 2015 to 24 September 2016.

Directors of the company
The directors, who held office during the period and thereafter, were as follows:

PJ Dieperink

SJ Grobler

MJ Jooste

H Odendaal

S Summers

DM Van Der Merwe

F J Nel (resigned 9 May 2016)

Dividends
During the period the directors declared a final dividend relating to the period ended 27 June 2015 of £20,000,000 (2015: £12,000,000 relating to the period ended 28 June 2014). No dividends have been declared or proposed relating to the period ended 24 September 2016.

Matters included in the Strategic Report
In accordance with s414(C) of the Companies Act 2006, included in the Strategic Report is information relating to the future development of the business which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulations 2008' to be contained in a Directors' Report.

Employment of disabled persons
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 involvement
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. During the period we experienced a decrease in the number of reported incidents down to 83 (recorded on an annual rolling figure) with no serious injuries reported. The nature of the resultant claims varies but manual handling features as our number one priority in this area.

Environmental matters

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 energy and emission policy.

Initiatives include inter alia:
- energy efficient lighting schemes being fitted as standard in all new stores;
- better control of interface between heating and cooling at stores;
- a distribution centre generating power from solar panels; and
- the use of efficient heat pumps at new stores and refits where appropriate to provide heating and cooling and reduce emissions.

Modern Slavery Act

The company recognises the responsibility it has, along with its suppliers, to operate in an ethical manner. As part of this responsibility, we acknowledge the requirements of the Modern Slavery Act 2015. Therefore, the company is working to ensure that there is sufficient transparency both within the organisation itself, and within its supplier base.

In relation to its suppliers, the company has updated the Service Level Agreements ("SLA") that it has with its major suppliers in order to include a reference requiring compliance with the Modern Slavery Act 2015. The update to the SLA also includes a request that our suppliers comply with the company's Code of Conduct and that they complete a self-assessment questionnaire in relation to this area. Our supplier appraisal process has been updated to take into account what commitment and actions our suppliers are taking to comply with the Modern Slavery Act 2015.

The company wants its customers to be confident that both the company and its business partners treat their employees fairly, with respect for their human rights.

The company will not work with any organisations that either has or is found to knowingly be involved with either human trafficking or modern slavery.

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 note 2 of the financial statements.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor
The auditor Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 29 June 2017 and signed on its behalf by:

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PJ Dieperink
Director

Steinhoff UK Retail Limited

Statement of Directors' Responsibilities

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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

We have audited the financial statements of Steinhoff UK Retail Limited for the period from 28 June 2015 to 24 September 2016, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 Statement of Directors' Responsibilities (set out on page 7), 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 24 September 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Strategic Report and 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.

Damian Sanders ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

2 Hardman Street
Manchester

30 June 2017

Steinhoff UK Retail Limited

Income Statement for the Period from 28 June 2015 to 24 September 2016

	Note	65 weeks to 24 September 2016 £ 000	52 weeks to 27 June 2015 £ 000
Revenue	2	680,619	500,816
Cost of sales		(345,724)	(253,536)
Gross profit		334,895	247,280
Other operating expenses		(309,646)	(221,513)
Operating profit	4	25,249	25,767
Finance income	5	1,498	2,563
Finance costs	6	(1,051)	(936)
Net finance income		447	1,627
Profit before tax		25,696	27,394
Income tax expense	10	(5,716)	(5,291)
Profit for the period		19,980	22,103

The above results were derived from continuing operations.

Steinhoff UK Retail Limited

Statement of Comprehensive Income for the Period from 28 June 2015 to 24 September 2016

	Note	65 weeks to 24 September 2016 £ 000	52 weeks to 27 June 2015 £ 000
Profit for the period		19,980	22,103
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined benefit pension schemes	19	(13,919)	(710)
Deferred tax effect of actuarial movement		2,366	142
Total comprehensive income for the period		8,427	21,535

The notes on pages 14 to 37 form an integral part of these financial statements.

Steinhoff UK Retail Limited

(Registration number: 00040754)
Statement of Financial Position as at 24 September 2016

	Note	24 September 2016 £ 000	27 June 2015 £ 000
Fixed assets			
Intangible assets	12	75,220	76,561
Tangible assets	11	40,692	37,404
Investments	13	100	100
Other financial assets	14	15,469	38,050
Deferred tax assets	10	3,777	1,910
		135,258	154,025
Current assets			
Stocks	15	40,334	47,592
Debtors	16	107,425	135,481
Cash at bank and in hand		26,434	21,074
		174,193	204,147
Creditors: Amounts falling due within one year			
Trade and other payables	21	(142,048)	(191,744)
Income tax liability		(3,414)	(2,539)
Provisions	20	(5,389)	(3,068)
		(150,851)	(197,351)
Net current assets		23,342	6,796
Provisions for liabilities	20	(3,254)	(4,693)
Net assets excluding pension asset/(liability)		155,346	156,128
Net pension liability	19	(14,575)	(2,786)
Net assets		140,771	153,342
Capital and reserves			
Called up share capital	17	734	734
Share premium reserve		116,429	116,429
Capital redemption reserve		9,047	9,047
Retained earnings		14,561	27,132
Shareholder's funds		140,771	153,342

Approved by the Board on 29 June 2017 and signed on its behalf by:

PJ Dieperink

Director

The notes on pages 14 to 37 form an integral part of these financial statements.

Steinhoff UK Retail Limited

Statement of Changes in Equity for the Period from 28 June 2015 to 24 September 2016

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 28 June 2015	734	116,429	9,047	27,132	153,342
Profit for the period	-	-	-	19,980	19,980
Other comprehensive income	-	-	-	(11,553)	(11,553)
Total comprehensive income	-	-	-	8,427	8,427
Dividends	-	-	-	(20,000)	(20,000)
Share based payment transactions	-	-	-	(998)	(998)
At 24 September 2016	734	116,429	9,047	14,561	140,771

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 29 June 2014	734	116,429	9,047	19,660	145,870
Profit for the period	-	-	-	22,103	22,103
Other comprehensive income	-	-	-	(568)	(568)
Total comprehensive income	-	-	-	21,535	21,535
Dividends	-	-	-	(12,000)	(12,000)
Share based payment transactions	-	-	-	(2,063)	(2,063)
At 27 June 2015	734	116,429	9,047	27,132	153,342

1 General information

The company is a private company limited by share capital incorporated under the Companies Act 2006 and domiciled in England & Wales. The functional currency of the company is considered to be pounds sterling as that is the currency of the primary economic environment in which the company operates.

The address of its registered office is:
5th Floor Festival House
Jessop Avenue
Cheltenham
Gloucestershire
GL50 3SH

These financial statements were authorised for issue by the Board on 29 June 2017.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
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.

Basis of preparation
The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the 65 weeks ended 24 September 2016 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements. They have been prepared under the historical cost convention.

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

2 Accounting policies (continued)

Summary of disclosure exemptions
The company has taken advantage of the following disclosure exemptions under FRS 101:
(a) the requirements of IFRS 7 Financial Instruments: Disclosures
(b) the requirements of IAS 7 Statement of Cash Flows
(c) the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures
(d) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group
(e) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment, as the company is a subsidiary and the share-based payment arrangement concerns equity instruments of the ultimate parent company
(f) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
(i) paragraph 79(a)(iv) of IAS 1;
(ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
(iii) paragraph 118(e) of IAS 38 Intangible Assets;
(g) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets;
(h) the requirement in paragraph 30 and 31 of IAS 8 to disclose new IFRS's not yet effective.

Where relevant, equivalent disclosures have been given in the group accounts of Steinhoff International Holdings N.V.. The group accounts of Steinhoff International Holdings N.V. are available to the public and can be obtained as set out in note 23.

2 Accounting policies (continued)

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 strategic report and the accounts.

The company meets its day to day working capital requirements through cash resources and 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. Steinhoff International, through its international treasury division, provides all funding requirements in excess of local overdraft facilities.

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 parent company of the Steinhoff Europe group, will continue to provide or procure 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 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 N.V.'s ability to provide any necessary support in the context of the uncertainties all companies face, 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 can be found in the accounts for Steinhoff International Holdings N.V.

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

Exemption from preparing group accounts

The financial statements contain information about Steinhoff UK Retail Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Steinhoff International Holdings N.V., a company incorporated in The Netherlands.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 28 June 2015 have had a material effect on the financial statements.

2 Accounting policies (continued)

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.

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

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

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currency transactions and balances
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 statement of financial position date monetary assets and liabilities denominated in foreign currencies are restated at the rates prevailing on the statement of financial position 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.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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.

Property, plant and equipment
Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short-leasehold interests	Term of lease
Fixtures & fittings	10-25% per annum
Vehicles	20-25% per annum

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software and other intangibles	Expected useful life, between 3 & 5 years

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value..

2 Accounting policies (continued)

Trade receivables
Trade receivables are amounts due from customers or external finance providers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost.

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2 Accounting policies (continued)

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Defined benefit pension obligation
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 statement of financial position 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 comprehensive income. 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 statement of financial position 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.

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 N.V. share incentive scheme. The fair value of the services received under this scheme is calculated by Steinhoff International Holdings N.V. 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 N.V. 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.

2 Accounting policies (continued)

Financial assets and liabilities

Classification

The financial assets are loans and receivables.

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.

Recognition and measurement

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.

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

Impairment

Financial assets are assessed for indicators of impairment at each statement of financial position 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.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The directors believe that there are no critical judgements to be disclosed that would have a material impact on the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

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 the defined benefit pension schemes note.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

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 statement of financial position. 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.

4 Operating profit

Arrived at after charging/(crediting)

	65 weeks to 24 September 2016 £ 000	52 weeks to 27 June 2015 £ 000
Depreciation expense	13,171	7,323
Amortisation expense	1,426	1,008
Impairment loss on Property, plant & equipment and Intangible assets	1,202	187
Write-down of inventory to net realisable value	8,174	5,675
Foreign exchange gains	(64)	(383)
Operating lease expense - property	49,279	34,589
Operating lease expense - other	3,759	2,464
Loss/(profit) on disposal of property, plant and equipment	432	(240)

5 Other interest receivable and similar income

	65 weeks to 24 September 2016 £ 000	52 weeks to 27 June 2015 £ 000
Dividend income	-	1,000
Interest receivable	1,498	1,563
	1,498	2,563

6 Interest payable and similar charges

	65 weeks to 24 September 2016 £ 000	52 weeks to 27 June 2015 £ 000
Interest on bank overdrafts and borrowings	231	182
Pension finance cost	85	100
Interest paid to group undertakings	735	654
	1,051	936

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	65 weeks to 24 September 2016 £ 000	52 weeks to 27 June 2015 £ 000
Wages and salaries	87,470	64,941
Social security costs	8,490	6,545
Pension costs, defined contribution scheme	1,074	870
	97,034	72,356

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	65 weeks to 24 September 2016 No.	52 weeks to 27 June 2015 No.
Sales	2,211	2,043
Administration and support	319	300
	2,530	2,343

8 *Directors' remuneration*

The directors' remuneration for the period was as follows:

	65 weeks to 24 September 2016 £ 000	52 weeks to 27 June 2015 £ 000
Remuneration	1,383	1,219
Contributions paid to money purchase schemes	55	41
	1,438	1,260

During the period the number of directors remunerated by the company who were receiving benefits and share incentives was as follows:

	65 weeks to 24 September 2016 No.	52 weeks to 27 June 2015 No.
Exercised share options	2	2
Accruing benefits under money purchase pension scheme	2	2

8 Directors' remuneration (continued)

In respect of the highest paid director:

	65 weeks to 24 September 2016 £ 000	52 weeks to 27 June 2015 £ 000
Remuneration	740	693

During the period the highest paid director exercised share options.

The emoluments of Messrs Jooste, Nel, Odendaal, Grobler and van der Merwe were paid by fellow subsidiaries of Steinhoff International Holdings N.V. in both the current and prior period. It is not practicable to split their remuneration between their services to group companies.

9 Auditor's remuneration

	65 weeks to 24 September 2016 £ 000	52 weeks to 27 June 2015 £ 000
Audit of the financial statements	179	200
Other fees to auditor		
All other tax advisory services	-	5

10 Income tax

Tax charged/(credited) in the income statement

	65 weeks to 24 September 2016 £ 000	52 weeks to 27 June 2015 £ 000
Current taxation		
UK corporation tax	5,394	4,680
UK corporation tax adjustment to prior periods	(380)	256
	5,014	4,936
Deferred taxation		
Arising from origination and reversal of temporary differences	702	355
Tax expense in the income statement	5,716	5,291

10 Income tax (continued)

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.75%).

The differences are reconciled below:

	65 weeks to 24 September 2016 £ 000	52 weeks to 27 June 2015 £ 000
Profit before tax	25,696	27,394
Corporation tax at standard rate	5,139	5,684
(Decrease)/increase in current tax from adjustment for prior periods	(380)	256
Permanent differences between accounting and taxable profits	33	(421)
Timing differences not recognised	637	(228)
Change in corporation tax rates	287	-
Total tax charge	5,716	5,291

20% is the rate of corporation tax for the period following the reduction in the UK rate from 21% to 20% with effect from 1 April 2015.

Included within the Finance Act 2016 was a reduction in the corporation tax rate to 17% from 1 April 2020. The deferred tax balances have therefore been calculated using a rate of 17%.

Deferred tax

Deferred tax assets and liabilities

2016	**Asset £ 000**
Pension benefit obligations	2,477
Share-based payment	1,300
	3,777

2015	**Asset £ 000**
Pension benefit obligations	557
Share-based payment	1,353
	1,910

10 Income tax (continued)

Deferred tax movement during the period:

	At 28 June 2015 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 24 September 2016 £ 000
Pension benefit obligations	557	(446)	2,366	-	2,477
Share-based payment	1,353	(256)	-	203	1,300
Net tax assets	1,910	(702)	2,366	203	3,777

Deferred tax movement during the prior period:

	At 29 June 2014 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 27 June 2015 £ 000
Pension benefit obligations	674	(259)	142	-	557
Share-based payment	933	(96)	-	516	1,353
Net tax assets	1,607	(355)	142	516	1,910

During the 53 weeks beginning 25 September 2016 the reversal of deferred tax assets is expected to increase the corporation tax charge by £1,205,000 as a result of the projected reversal of pension benefit obligations and share based payments.

There are £4,850,000 of accelerated capital allowances (2015 - £5,130,000) and £793,000 of short term timing differences (2015 - £987,000) for which no deferred tax asset is recognised in the statement of financial position.

11 Property, plant and equipment

	Short leasehold property interests £ 000	Fixtures & fittings and vehicles £ 000	Total £ 000
Cost or valuation			
At 28 June 2015	18,099	46,195	64,294
Additions	4,139	13,174	17,313
Disposals	(2,630)	(17,567)	(20,197)
At 24 September 2016	19,608	41,802	61,410
Depreciation			
At 28 June 2015	9,813	17,077	26,890
Charge for the period	2,915	10,256	13,171
Eliminated on disposal	(2,433)	(17,368)	(19,801)
Impairment	-	458	458
At 24 September 2016	10,295	10,423	20,718
Carrying amount			
At 24 September 2016	9,313	31,379	40,692
At 27 June 2015	8,286	29,118	37,404

There are no assets held by the company on finance lease.

12 Intangible assets

	Goodwill £ 000	Software and other intangible assets £ 000	Total £ 000
Cost or valuation			
At 28 June 2015	73,393	9,255	82,648
Additions	-	1,104	1,104
Disposals	-	(1,568)	(1,568)
At 24 September 2016	73,393	8,791	82,184
Amortisation			
At 28 June 2015	-	6,087	6,087
Amortisation charge	-	1,426	1,426
Amortisation eliminated on disposals	-	(1,293)	(1,293)
Impairment	-	744	744
At 24 September 2016	-	6,964	6,964
Carrying amount			
At 24 September 2016	73,393	1,827	75,220
At 27 June 2015	73,393	3,168	76,561

Goodwill, which is attributable to furniture and bed retailing, is reviewed annually for impairment.

Amortisation and impairment of intangible assets is included in other operating expenses in the Income Statement.

13 Investments

Subsidiaries	£ 000
Cost or valuation	
At 28 June 2015	3,115
At 24 September 2016	3,115
Provision	
At 28 June 2015	3,015
At 24 September 2016	3,015
Carrying amount	
At 24 September 2016	100

13 Investments (continued)

Details of the subsidiaries as at 24 September 2016 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2016	2015
Steinhoff UK Upholstery Limited*	Import/Manufacture	United Kingdom	100%	100%
Homestyle 2007 Pension Scheme Trustee Limited*	Pension Scheme Trustee	United Kingdom	100%	100%
MC (No 45) Limited*	Dissolved	United Kingdom	0%	100%
Sofa Shed Limited*	Dormant	United Kingdom	100%	100%

* indicates direct investment of the company

MC (No 45) Limited was struck off during the period.

The provision is against Sofa Shed Limited, a company that has been dormant for a number of years.

All of the companies above (other than the dissolved MC (No 45) Limited) have their registered office at 5th Floor, Festival House, Jessop Avenue, Cheltenham, GL50 3SH.

14 Other financial assets

	24 September 2016 £ 000	27 June 2015 £ 000
Non-current financial assets		
Loans to group undertakings	15,469	38,050

The loans to group undertakings are interest free, unsecured and repayable on or after 31 July 2018.

15 Inventories

	24 September 2016 £ 000	27 June 2015 £ 000
Finished goods and goods for resale	40,334	47,592

The cost of inventories recognised as an expense in the period amounted to £303,044,000 (2015 - £225,963,000). This is included within cost of sales.

There is no material difference between carrying value and replacement cost.

16 Trade and other receivables

	24 September 2016 £ 000	27 June 2015 £ 000
Trade receivables	4,914	4,484
Receivables from group undertakings	80,974	121,786
Prepayments	3,635	3,078
Other receivables	17,902	6,133
Total current trade and other receivables	107,425	135,481

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 less than 30 days. If finance is provided to a customer by an external finance provider, the funds are usually received by the company within a few days of delivery and the risk is then borne by the finance provider.

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. Amounts owed from group undertakings are repayable on demand and bear no interest.

17 Share capital

Allotted, called up and fully paid shares

	24 September 2016		27 June 2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.001 each	734,418	734	734,418	734

The company has abolished its authorised share capital.

18 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	24 September 2016 £ 000	27 June 2015 £ 000
Within one year	6,674	6,504
In two to five years	16,545	19,953
Over five years	26,169	29,488
	49,388	55,945

The amount of non-cancellable operating lease payments recognised as an expense during the period was £53,038,000 (2015 - £37,053,000).

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £1,074,000 (2015 - £870,000).

Defined benefit pension schemes
Homestyle 2007 Pension Scheme and Rexmore Executive Pension Plan

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 schemes were transferred from a fellow group company in a previous period. That 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.

19 Pension and other schemes (continued)

The company operates these plans under the same regulatory framework. Benefits are paid to members from trustee-administered funds - the trustees are responsible for ensuring that the plan is sufficiently funded to meet current and future benefit payments. Plan assets are held in trusts and are governed by UK regulations.

The nature of the relationship between the company and the trustees is also governed by UK regulations. The trustees must agree a funding plan with the sponsoring company such that any funding shortfall is expected to be met by additional contributions and investment outperformance. In order to assess the level of contributions required, triennial valuations are carried out with plan's obligations measured using prudent assumptions (relative to those used to measure accounting liabilities).

The trustees' other duties include managing the investment of plan assets, administration of plan benefits and exercising of discretionary powers. The company works closely with the trustees to manage the plans.

Contributions payable to the pension scheme at the end of the period are £Nil (2015 - £Nil).

The expected contributions to the plan for the next reporting period are £1,700,000.

Risks

Investment risk
The liabilities are calculated with reference to bond yields. The Schemes hold a large proportion of their assets in return-seeking assets, which can be volatile and thus may lead to short-term fluctuations in the statement of financial position liability. However, the company believes that such assets offer the best returns over the long term with an acceptable level of risk.

Interest risk
Falling bond yields tend to increase the liabilities. However, the investment in corporate bonds offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partly matches the movement in the liabilities. In this way, the exposure to movements in bond yields is reduced.

Inflation risk
A proportion of the Schemes' obligations are linked to inflation.

Life expectancy risk
The majority of the Schemes' obligations are to provide a pension for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	24 September 2016 £ 000	27 June 2015 £ 000
Fair value of scheme assets	65,568	68,809
Present value of scheme liabilities	(80,143)	(71,595)
Defined benefit pension scheme deficit	(14,575)	(2,786)

Scheme assets

Changes in the fair value of scheme assets are as follows:

19 Pension and other schemes (continued)

	24 September 2016 £ 000	27 June 2015 £ 000
Fair value at start of period	68,809	70,414
Interest income	3,080	2,913
Return on plan assets, excluding amounts included in interest income/(expense)	1,346	2,015
Employer contributions	2,899	2,530
Benefits paid	(9,882)	(8,277)
Administrative expenses paid	(684)	(786)
Fair value at end of period	65,568	68,809

Analysis of assets

The major categories of scheme assets are as follows:

	24 September 2016 £ 000	27 June 2015 £ 000
Cash and cash equivalents	518	101
Unquoted equity instruments	35,552	43,218
Debt instruments	29,498	25,490
	65,568	68,809

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	24 September 2016 £ 000	27 June 2015 £ 000
Present value at start of period	71,595	73,785
Past service cost	-	349
Actuarial gains and losses arising from changes in demographic assumptions	(848)	-
Actuarial gains and losses arising from changes in financial assumptions	17,626	2,825
Actuarial gains and losses arising from experience adjustments	(1,513)	(100)
Interest cost	3,165	3,013
Benefits paid	(9,882)	(8,277)
Present value at end of period	80,143	71,595

19 Pension and other schemes (continued)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	24 September 2016 %	27 June 2015 %
Discount rate	2.25	3.90
Rate of increase in deferred pensions	1.90	2.15
Inflation (RPI)	2.90	3.15
Inflation (CPI)	1.90	2.15
Rate of increase in pensions in payment (RPI)	2.85	3.10
Rate of increase in pensions in payment (CPI)	1.90	2.15

Post retirement mortality assumptions

	24 September 2016 Years	27 June 2015 Years
Current UK pensioners at retirement age - male	21.00	21.20
Current UK pensioners at retirement age - female	23.20	23.40
Future UK pensioners at retirement age - male	21.90	22.20
Future UK pensioners at retirement age - female	24.30	24.40

At 24 September 2016, members have been assumed to take 85% of the maximum allowable amount of tax-free cash at retirement. The remaining demographic assumptions at 24 September 2016 are the same as those used for the IAS 19 results at 27 June 2015 and those used for the 31 December 2013 actuarial valuation of the merged scheme.

Amounts recognised in the income statement

	24 September 2016 £ 000	27 June 2015 £ 000
Amounts recognised in operating profit		
Past service cost	-	(349)
Administrative expenses paid	(684)	(786)
Recognised in arriving at operating profit	(684)	(1,135)
Amounts recognised in finance income or costs		
Net interest	(85)	(100)
Total recognised in the income statement	(769)	(1,235)

19 Pension and other schemes (continued)

Amounts taken to the Statement of Comprehensive Income

	24 September 2016 £ 000	27 June 2015 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	848	-
Actuarial gains and losses arising from changes in financial assumptions	(17,626)	(2,825)
Actuarial gains and losses arising from experience adjustments	1,513	100
Return on plan assets, excluding amounts included in interest income/(expense)	1,346	2,015
Amounts recognised in the Statement of Comprehensive Income	(13,919)	(710)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

		24 September 2016	
	+ 0.1%	0.0%	- 0.1%
Adjustment to discount rate	**£ 000**	**£ 000**	**£ 000**
Present value of total obligation	(1,400)	-	1,400

		24 September 2016	
	+ 0.1%	0.0%	- 0.1%
Adjustment to rate of inflation	**£ 000**	**£ 000**	**£ 000**
Present value of total obligation	800	-	(800)

		24 September 2016	
	+ 1 Year	None	- 1 Year
Adjustment to mortality age rating assumption	**£ 000**	**£ 000**	**£ 000**
Present value of total obligation	2,300	-	(2,300)

We have assumed that changes in the inflation assumption have a knock-on effect on the pension increase and deferred revaluation assumptions. The above sensitivity figures have been calculated on an approximate basis using weighted average yields.

20 Other provisions

	Property £ 000	Employee benefits £ 000	Total £ 000
At 28 June 2015	1,000	6,761	7,761
Increase in existing provisions	-	2,849	2,849
Provisions used	-	(1,967)	(1,967)
At 24 September 2016	1,000	7,643	8,643
Non-current liabilities	1,000	2,254	3,254
Current liabilities	-	5,389	5,389

Property provisions are calculated based on the remaining term of the lease or estimated date of assignment if earlier, which is the expected utilisation timeframe.

The provision for employee benefits relates to expected outflows to be made in relation to the settlement of share based payments due to the parent company, Steinhoff International Holdings N.V. in relation to certain employees of the company. The payments are expected to be made within 3 years of the statement of financial position date.

21 Trade and other payables

	24 September 2016 £ 000	27 June 2015 £ 000
Trade payables	27,296	25,113
Accrued expenses	23,773	20,217
Amounts due to group undertakings	35,384	102,764
Social security and other taxes	12,597	13,691
Other payables	5,271	2,436
Deferred income	37,727	27,523
	142,048	191,744

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

Amounts due to group undertakings are repayable on demand and bear no interest.

22 Dividends

	24 September 2016 £ 000	27 June 2015 £ 000
Final dividend of £0.0272 (2015 - £0.0163) per ordinary share	20,000	12,000

23 Parent and ultimate parent undertaking

The company's immediate parent is Steinhoff UK Holdings Limited.

The ultimate parent is Steinhoff International Holdings N.V..

The most senior parent entity producing publicly available financial statements is Steinhoff International Holdings N.V.. These financial statements are available upon request from www.steinhoffinternational.com

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Steinhoff International Holdings N.V., incorporated in The Netherlands.

The parent of the smallest group in which these financial statements are consolidated is Steinhoff International Holdings N.V., incorporated in The Netherlands.

The address of Steinhoff International Holdings N.V. is:
Herengracht 466,
1017 CA Amsterdam,
The Netherlands