Steinhoff UK Retail Limited (Formerly Homestyle Group plc)

Directors' report and financial statements

52 week period ended 28 June 2008

Registered number 2287644

Steinhoff UK Retail Limited (Formerly Homestyle Group plc)
52 week period ended 28 June 2008

Directors' report and financial statements

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Steinhoff UK Retail Limited (Formerly Homestyle Group plc)
52 week period ended 28 June 2008

Directors' report

Steinhoff UK Retail Limited is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Steinhoff UK Business Park, Northway Lane, Ashchurch, Tewkesbury, Gloucestechire, GL20 8GY, England.

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors report, for the 52 week period ended 28 June 2008.

The company changed its name on 6 September 2007 from Homestyle Group plc to Steinhoff UK Retail Limited.

The company is a wholly owned subsidiary of Steinhoff UK Holdings Limited which acquired the company from Steinhoff Europe AG, Austria during the period. Both these companies are subsidiaries of Steinhoff International Holdings Limited.

Results and dividends

As shown in the company's income statement on page 8, the company's performance has resulted in a profit after tax of £1,459,000 (2007: £56,000 loss).

The directors are unable to recommend the payment of a dividend (2007:same).

Principal activity and business review

The company's principal activity is that of an investment company in the United Kingdom. There have not been any significant changes in the company's principal activities in the period under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

In the previous period consolidated results were reported for the company and its subsidiaries. Following a group reorganisation the directors no longer report consolidated results for the group headed by Steinhoff UK Retail Limited. Consolidated financial statements are prepared by Steinhoff International Holdings Limited.

The majority of transactions are with group undertakings, and the key performance indicators for the company are profits or losses after taxation, and shareholder's funds, both of which are shown in the accounts.

The profit after tax increased as there was a decrease in finance costs as a result of a reduction in interest bearing loans from group undertakings.

The balance sheet on page 9 of the financial statements shows that the company's net assets have increased compared with the prior period from £102 million to £150 million. This is mainly the result of the issue of £46,259,000 capital.

The company has net current liabilities of £181 million (2007 : £229 million), this is because the company has financed its investments in subsidiary companies through loans from group companies which are included in current liabilities. The terms of these loans are being formalised after the year end and the loans are repayable in more than one year after the balance sheet date. The directors have adopted the going concern basis having taken in to account the availability of continuing support for the foreseeable future from its subsidiaries and parent company.

Steinhoff UK Retail Limited (Formerly Homestyle Group plc)
52 week period ended 28 June 2008

Directors' Report (*continued*)

Risks and uncertainties
The company's source of income is from group undertakings and is therefore seen as low risk. The investments are all in wholly owned subsidiary undertakings linked mainly to the furniture retail market. The success of these entities is therefore influenced by the economic environment in which they operate.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review. The financial position of the company, its cash flows, and liquidity position are described in the financial statements. In addition note 14 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.

The company is mainly a holding company, with considerable net assets. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate 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.

Directors
The directors who held office during the period and subsequently were as follows:

I M Topping
S J Grobler (Appointed 14 July 2008)
I D Sussman
T J Kowalski (Resigned 1 September 2007)
P J Dieperink (Appointed 1 September 2007)
M J Jooste
J H N Van der Merwe

Directors' indemnities
The Steinhoff International Group has made qualifying third party indemnity provisions for the benefit of the directors of the company which were in place through out the period and remain in force at the date of this report.

Auditors
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. A resolution to reappoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting.

By order of the board

Mark Ashcroft

M Ashcroft
Secretary

14th April 2009

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- 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 proper accounting records that 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 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF STEINHOFF UK RETAIL LIMITED

We have audited the financial statements (the "financial statements") of Steinhoff UK Retail Ltd for the 52 week period ended 28 June 2008, which comprise the income statement, balance sheet, cash flow statement and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above period as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEINHOFF UK RETAIL LIMITED *(continued)*

Basis of audit opinion *(continued)*

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union as applied in accordance with the requirements of the Companies Act 1985, of the state of the individual company's affairs as at 28 June 2008, and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte LLP

DELOITTE LLP
Chartered Accountants and Registered Auditors
Manchester, United Kingdom

14 April 2009

Steinhoff UK Retail Limited (Formerly Homestyle Group plc)

52 week period ended 28 June 2008

Income statement

Continuing operations	*Note*	52 weeks to 28 June 2008 £000	52 weeks to 30 June 2007 £000
Administrative expenses		**(94)**	(210)
Operating loss	*2*	**(94)**	(210)
Investment revenues	*3*	**1,817**	1,440
Finance costs	*3*	**(149)**	(1,286)
Profit/(loss) before taxation		**1,574**	(56)
Taxation	*4*	**(115)**	-
Profit/(loss) attributable to equity holders	*10*	**1,459**	(56)

There were no recognised gains or losses other than those reported above, and accordingly no separate statement of recognised income and expenses has been produced.

Steinhoff UK Retail Limited (Formerly Homestyle Group plc)

52 week period ended 28 June 2008

Balance sheet

	Note	**28 June 2008 £000**	30 June 2007 £000
Non-current assets			
Intangible assets	*5*	**114**	121
Investments in subsidiaries	*6*	**331,008**	331,417
		331,122	331,538
Current assets			
Receivables	*7*	**23,065**	70,213
Cash and cash equivalents		**7**	4,501
		23,072	74,714
Total assets		**354,194**	406,252
Current liabilities			
Trade and other payables	*8*	**(190,143)**	(257,193)
Current tax liabilities	*4*	**(115)**	-
Bank overdrafts and loans	*15*	**(12,159)**	-
Other loans		-	(45,000)
Loan notes		**(1,661)**	(1,661)
		(204,078)	(303,854)
Net assets		**150,116**	102,398
Equity			
Share capital	*9,10*	**64,779**	64,769
Share premium	*10*	**176,460**	130,211
Merger reserve	*10*	**38,649**	38,649
Capital redemption reserve	*10*	**288**	288
Treasury reserve	*10*	-	(4,880)
Retained earnings	*10*	**(130,060)**	(126,639)
Equity shareholder's funds	*10*	**150,116**	102,398

These financial statements were approved by the board of directors and authorised for issue on 14 April 2009. They were signed on its behalf by:

P Dieperink
Director

Steinhoff UK Retail Limited (Formerly Homestyle Group plc)
52 week period ended 28 June 2008

Cash flow statement

	Note	**52 weeks to 28 June 2008 £000**	52 weeks to 30 June 2007 £000
Net cash generated from/(used in) operating activities	*11*	**170**	(934)
Investing activities			
Net finance income	*3*	**1,668**	154
Investment in group undertakings		**-**	(10,000)
Net cash from/(used in) investing activities		**1,668**	(9,846)
Financing activities			
Repayment of loan notes		**-**	(9)
(Decrease)/increase in other loans		**(45,000)**	40,000
Proceeds on issue of shares		**46,259**	-
Net decrease in borrowings with group undertakings		**(19,750)**	(24,775)
Net cash (used in) / from financing activities		**(18,491)**	15,216
Net (decrease) / increase in cash and cash equivalents		**(16,653)**	4,436
Cash and cash equivalents at beginning of period		**4,501**	65
Cash and cash equivalents at end of period		**(12,152)**	4,501

Notes

1 Significant accounting policies

Basis of accounting
The financial statements of the company are presented as required by the Companies Act 1985. As permitted by that Act, they have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union.

Although the company has net current liabilities as at 28 June 2008 the directors have adopted the going concern basis having taken in to account the availability of continuing support for the foreseeable future from its subsidiaries listed in note 6 and the parent company, Steinhoff UK Holdings Limited.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

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

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

Operating profit
Operating profit is stated before accounting for investment revenue and finance costs.

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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

Notes *(continued)*

1 Significant accounting policies *(continued)*

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.

Reserve for treasury shares
The company has applies IAS 32 in respect shares held to meet its obligations under its long term incentive plan for key employees. The shares are held at cost and are shown as a deduction from equity shareholders' funds.

Financial instruments
In the current period, the company has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendment to IAS 1 Presentation of Financial Statements. The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the company's financial instruments and management of capital (see note 14).

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.

Derivative financial instruments
The company does not enter in to derivative financial instruments. All transactions are in sterling so there is no exposure to foreign currency risk.

Financial assets
The financial assets are loans and receivables.

Financial assets - Loans and receivables
Loans 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.

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.

Notes *(continued)*

1 Significant accounting policies *(continued)*

Financial instruments *(continued)*

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. Unpresented cheques are included in trade creditors and uncleared lodgements are included 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 payables are initially measured at fair value, and are subsequently measured at amortised cost.

Future developments
The following standards and interpretations have been issued but were not effective at 28 June 2008 and have not been applied in preparing these financial statements:

- IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly-Controlled Entity, or Associate
- IAS 1 Presentation of Financial Statements (revised September 2007)
- IAS 23 Borrowing Costs (revised March 2007)
- IAS 27 Consolidated and Separate Financial Statements (revised January 2008)

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the company's financial statements in the period of initial application.

Notes *(continued)*

2 Operating loss

	52 weeks to 28 June 2008 £000	52 weeks to 30 June 2007 £000
Operating loss before taxation is stated after charging / (crediting):		
Provision against investments in subsidiaries (note 6)	**409**	-
Release of allowance for doubtful dcbts (note 7)	**(409)**	-
Amortisation of intangibles	**7**	8

Auditor's remuneration in respect of the audit of the company's financial statements has been met by another group company in both periods and not recharged. There were no amounts paid to the auditors for non audit services.

The company had no employees or staff costs during either period.

Remuneration of key management personnel

The directors are the key management personnel of the company. The emoluments of Messrs Topping, Dieperink, Sussman and Kowalski were paid by Homestyle Operations Ltd and Relyon Group Ltd. The emoluments of Messrs Van der Merwe and Jooste were paid by Steinhoff International Holdings Ltd. It is not practicable to split their remuneration received from other group companies to state the amount which relates to services for this company.

Details of the directors' remuneration can be found in the respective companies financial statements.

3 Investment revenues and finance costs

	52 weeks to 28 June 2008 £000	52 weeks to 30 June 2007 £000
Investment revenues:		
Bank interest receivable	**343**	937
Interest receivable from group companies	**1,474**	-
Other interest receivable	**-**	503
	1,817	1,440
Finance costs:		
Bank interest payable	**-**	298
Interest payable to group companies	**-**	883
Other interest payable	**149**	105
	149	1,286
Net finance income	**1,668**	154

Notes *(continued)*

4 Taxation

	52 weeks to 28 June 2008 £000	52 weeks to 30 June 2007 £000
Analysis of charge in period		
UK corporation tax:		
Current tax on income for the period	**115**	-

Factors affecting the tax charge for the current period
The current tax charge for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

	52 weeks to 28 June 2008 £000	52 weeks to 30 June 2007 £000
Current tax reconciliation:		
Profit/(loss) on ordinary activities before tax	**1,574**	(56)
Current tax at 29.5% *(2007: 30%)*	**464**	(17)
Effects of :		
Expenses not deductible for tax purposes	**2**	-
Timing differences not recognised	**(333)**	17
Change in corporation tax rates	**(18)**	-
Total current tax	115	-

There is a £7,000 (2007:£344,000) deferred tax asset in respect of tax losses carried forward for use in future periods which is un provided.

5 Intangible assets - Patent

	28 June 2008 £000	30 June 2007 £000
Cost		
At the start of the period and at the end of the period	**144**	144
Amounts written off		
At the start of the period	**23**	15
Amortisation	**7**	8
At the end of the period	**30**	23
Net book value		
At the end of the period	**114**	121
At the start of the period	**121**	129

The amortisation period is over the estimated useful life which is 20 years.

Notes *(continued)*

6 Investments in subsidiaries

	28 June 2008 £000	30 June 2007 £000
At the start of the period	**331,417**	321,417
Additions	**-**	10,000
Provision for impairment	**(409)**	-
At the end of the period	**331,008**	331,417

Details of the company's principal subsidiaries are as follows:

Name	Proportion of ownership interest at 28 June 2008	Proportion of ownership interest at 30 June 2007
Homestyle Operations Ltd	**100%**	100%
Steinhoff UK Group Properties Ltd	**100%**	100%
Steinhoff UK Upholstery Limited	**100%**	Nil
Harveys Furnishing Ltd	**100%**	100%
Homestyle Retail Parks Limited	**100%**	100%

Steinhoff UK Upholstery Limited is owned indirectly, all other subsidiary undertakings are held directly by Steinhoff UK Retail Ltd. The specific impairment provision raised in the current year relates to a dormant company within the Steinhoff UK Retail Group and does not relate to any of the principal subsidiaries. All subsidiary undertakings are incorporated in England & Wales. Investments which are not significant have been omitted.

7 Receivables

	28 June 2008 £000	30 June 2007 £000
Amounts owed by group undertakings	**91,737**	134,098
Less provision for impairment of receivables	**(68,680)**	(63,968)
	23,057	70,130
Prepayments and accrued income	**8**	71
Other receivables	**-**	12
Total receivables	**23,065**	70,213

The specific provision against amounts owed by group undertakings is mainly in relation to balances due from dormant companies within the Steinhoff UK Group which are not considered to be recoverable. The directors consider there to be no significant credit risk for the remaining unprovided amounts owed by group undertakings.

Steinhoff UK Retail Limited (Formerly Homestyle Group plc)
52 week period ended 28 June 2008

Notes *(continued)*

7 Receivables (continued)

There are no receivables which are past due at the reporting date for which the company has not provided. In determining the recoverability receivables, the company considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date.

Movement in the allowance for doubtful debts	**2008** **£000**	2007 £000
At the start of the period	**63,968**	63,968
Transferred from subsidiary company *	**5,121**	-
Decrease in allowance recognised in the income & expenditure account	**(409)**	-
At the end of the period	**68,680**	63,968

* During the period a debt due from a dormant subsidiary of £5,121,000 which was fully provided for was transferred to this company.

8 Trade and other payables

	28 June 2008 **£000**	30 June 2007 £000
Trade payables	-	241
Amounts owed to group undertakings	**189,956**	256,778
Other creditors and accruals	**187**	174
	190,143	257,193

9 Share capital

	28 June 2008 **£000**	30 June 2007 £000
Authorised:		
360,000,000 (2007 : 360,000,000) ordinary shares of 25p each	**90,000**	90,000
Allotted, called up and fully paid:		
259,114,848 (2007 : 259,074,848) ordinary shares of 25p each	**64,779**	64,769

On 1 July 2007 the company issued 40,000 ordinary shares of 25 pence each.

10 Statement of changes in equity

	Share capital £000	Share premium £000	Merger reserve £000	Capital redemption reserve £000	Treasury reserve £000	Retained earnings £000	Total £000
At 1 July 2006	64,769	130,211	38,649	288	(4,880)	(126,583)	102,454
Loss for the period	-	-	-	-	-	(56)	(56)
At 30 June 2007	64,769	130,211	38,649	288	(4,880)	(126,639)	102,398
Profit for the period	-	-	-	-	-	1,459	1,459
Share capital issued	10	46,249	-	-	-	-	46,259
Reclassification *	-	-	-	-	4,880	(4,880)	-
At 28 June 2008	**64,779**	**176,460**	**38,649**	**288**	**-**	**(130,060)**	**150,116**

The treasury reserve related shares held to meet the company's obligations under its long term incentive plan for key employees. This scheme has now been terminated.

11 Note to the cash flow statement

	28 June 2008 £000	30 June 2007 £000
Operating loss	**(94)**	(210)
Adjustments for:		
Provision for impairment of investments	**409**	-
Amortisation of intangible assets	**7**	8
Operating cash flows before movements in working capital	**322**	(202)
Decrease/(increase) in receivables excluding inter company	**75**	(65)
(Decrease) in payables excluding inter company	**(227)**	(667)
Net cash inflow/(outflow) from operating activities	**170**	(934)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

Notes *(continued)*

12 Related party transactions

	Period to 28 June 2008		As at 28 June 2008 Current	
	Income £000	Expenditure £000	Amounts recoverable £000	Amounts payable £000
Parent company	-	10	-	10,607
Other Steinhoff companies	1,474	50	23,057	179,349
Total	**1,474**	**60**	**23,057**	**189,956**

	Period to 28 June 2007		As at 28 June 2007 Current	
	Income £000	Expenditure £000	Amounts recoverable £000	Amounts payable £000
Parent company	883	-	-	45,241
Other Steinhoff companies	-	-	70,130	211,537
Total	**883**	**-**	**70,130**	**256,778**

13 Ultimate holding company and controlling party

The company is a wholly owned subsidiary of Steinhoff UK Holdings Limited (registered in England and Wales) which purchased the company from Steinhoff Europe AG (registered in Austria) during the period.

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

Consolidated financial statements have not been prepared by the company as permitted by Section 228 of the Companies Act 1985. The smallest and 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.

14 Financial instruments

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.

Categories of financial instruments	**2008**	2007
	£000	£000
Financial assets at amortised cost		
Cash	**7**	4,501
Amounts owed by group undertakings	**23,057**	70,130
	23,064	74,631
Financial liabilities at amortised cost		
Trade payables	-	241
Amounts owed to group undertakings	**189,956**	256,778
Bank overdrafts	**12,159**	-
Loan notes	**1,661**	1,661
Other loans	-	45,000
	203,776	303,680

The financial liabilities all fall due for repayment within three months of the balance sheet date.

Financial Risk Management Objectives
The directors are responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively, embedding a risk 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 are 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 company does not speculate with derivatives or other financial instruments. The 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: interest rate risk, credit risk and liquidity risk.

14 Financial instruments (continued)

Market Risk
The company's activities expose it primarily to the financial risks of changes in interest rates. Cash resources are matched with the net funding requirements sourced from three sources namely internally generated funds, the company facilities, and group resources. The company only operates in the United Kingdom and all transactions are in sterling so has no exposure to changes in foreign currency exchange rates.

During the course of the period there has been no change to the market risk or manner in which the company manages its exposure.

Interest Rate Risk Management
The company manages interest rate risk centrally through its central treasury. All interest bearing assets and liabilities of the company are at variable rates of interest and are structured to achieve a competitive market related cost of funding.

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 decrease by £170,000 (2007 decrease by £15,000), this is attributable to the company's exposure to interest rates on its variable rate borrowings.

Credit Risk Management
Potential concentration of credit risk consist principally of short-term cash and cash equivalent investments, and amounts owed by group undertakings. The company deposits short-term cash surpluses with the same bank granting the overdraft facility. The ability of group undertakings to repay amounts due is assessed.

At 30 June 2008, 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 the company companies' management based on the assessment of the ability of group companies to repay amounts due.

Liquidity Risk Management
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity 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 forecast requirements.

Fair values
The fair values of the company's receivables, cash and cash equivalents, trade payables and loans and overdrafts with a maturity of less than one year are assumed to approximate to their book value.

Notes *(continued)*

15 Financial commitments

The company is party to a group overdraft facility together with fellow subsidiaries Homestyle Operations Limited and Steinhoff UK Group Properties Limited (formerly Homestyle Group Properties Ltd). These companies assets are pledged as security for the bank borrowings under this agreement which at 28 June 2008 amounted to £31,554,000 (30 June 2007: £nil).