Steinhoff UK Retail Limited

Directors' report and financial statements

52 week period ended 27 June 2009

Registered number 2287644

Steinhoff UK Retail Limited

52 week period ended 27 June 2009

Directors' report and financial statements

Contents | *Page*

Steinhoff UK Retail Limited

52 week period ended 27 June 2009

Directors' report

Steinhoff UK Retail Limited is a company incorporated in the United Kingdom The address of the registered office is Steinhoff UK Business Park, Northway Lane, Ashchurch, Tewkesbury, Gloucestershire, 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 27 June 2009

The company is a wholly owned subsidiary of Steinhoff UK Holdings Limited The ultimate controlling party is 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 £529,000 (2008 £1,459,000)

The directors are unable to recommend the payment of a dividend (2008 - 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 during 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

The majority of transactions are with group undertakings, and the key performance indicators for the company are profits or losses after taxation, and net assets, both of which are shown in the accounts Due to the nature of the business the directors do not consider there to be any non-financial key performance indicators on which the business is managed

The reduction in profit after taxation is mainly attributable to increased cost of finance associated with the increase in short term overdraft facilities

The company's net assets have increased marginally from £150 million to £151 million

The company has reduced its net current liabilities from £181 million in 2008 to £38 million in 2009 The repayment terms of £142 million of related party debt have been extended, to fall due for repayment on or after 30 September 2010 (refer note 15)

Risks and uncertainties

The company is mainly an investment 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

The company's source of income is interest receivable from banks and group undertakings and is therefore seen as low risk The investments are all in wholly owned subsidiary undertakings linked mainly to the furniture and beds retail markets 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 detailed in the financial statements In addition note 15 to the financial statements includes the company's objectives, policies and processes for managing its financial risk, details of its financial instruments, and its exposures to credit risk and liquidity risk.

Steinhoff UK Retail Limited

52 week period ended 27 June 2009

Directors' Report (continued)

Going concern

As the company has net current liabilities the directors have obtained a letter of financial support from the immediate parent company Steinhoff UK Holdings Limited The directors have adopted the going concern basis having taken into account this continuing support for the foreseeable future

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements

Directors

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

I M Topping	P J Dieperink
S J Grobler (appointed 14 July 2008)	M J Jooste
I D Sussman	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 directors at the date of approval of this annual report confirms that

- so far as the director 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 ought to have taken as a director to make himself 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 s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting

By order of the board

P Dieperink
Director

3 1 MAR 2010

Steinhoff UK Retail Limited

52 week period ended 27 June 2009

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, International Accounting Standard 1 requires that directors

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Steinhoff UK Retail Limited

52 week penod ended 27 June 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEINHOFF UK RETAIL LIMITED

We have audited the financial statements of Steinhoff UK Retail Limited for the year ended 27 June 2009 which comprise the Income Statement, the Statement of Recognised Income and Expense, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 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

As explained more fully in the Statement of Directors' Responsibilities, 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 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 (APB'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

Opinion on financial statements

In our opinion the financial statements·

- give a true and fair view of the state of the company's affairs as at 27 June 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Steinhoff UK Retail Limited
52 week period ended 27 June 2009

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

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

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

31 March 2010

Steinhoff UK Retail Limited

52 week period ended 27 June 2009

Income statement

	Note	52 weeks to 27 June 2009 £000	52 weeks to 28 June 2008 £000
Revenue		-	-
Administrative expenses		(37)	(94)
Operating loss		**(37)**	(94)
Interest income	*3*	**1,628**	1,817
Finance costs	*3*	**(853)**	(149)
Profit before taxation		**738**	1,574
Taxation	*4*	**(209)**	(115)
Profit attributable to equity holders	*2, 11*	**529**	1,459

All results were derived from continuing operations

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

Steinhoff UK Retail Limited

52 week period ended 27 June 2009

Balance sheet

	Note	27 June 2009 £000	28 June 2008 £000
Non-current assets			
Intangible assets	*5*	**107**	114
Investments in subsidiaries	*6*	**331,008**	331,008
		331,115	331,122
Current assets			
Receivables	*7*	**4,847**	23,065
Cash and cash equivalents		**7**	7
		4,854	23,072
Total assets		**335,969**	354,194
Current liabilities			
Trade and other payables	*9*	**(7,871)**	(190,143)
Current tax liabilities	*4*	**(209)**	(115)
Bank overdrafts and loans	*8*	**(33,135)**	(12,159)
Loan notes	*8*	**(1,635)**	(1,661)
		(42,850)	(204,078)
Net current liabilities		**(37,996)**	(181,006)
Non-current liabilities			
Amounts payable to group undertakings	*15*	**(142,474)**	-
Net assets		**150,645**	150,116
Equity			
Share capital	*10,11*	**64,779**	64,779
Share premium	*11*	**176,460**	176,460
Merger reserve	*11*	**38,649**	38,649
Capital redemption reserve	*11*	**288**	288
Retained earnings	*11*	**(129,531)**	(130,060)
Equity shareholder's funds	*11*	**150,645**	150,116

The financial statements of Steinhoff UK Retail Limited, registered number 2287644, were approved by the Board of Directors and authorised for issue on

They were signed on its behalf by

P Dieperink 31 MAR 2010

Director

Steinhoff UK Retail Limited

52 week period ended 27 June 2009

Cash flow statement

	Note	52 weeks to 27 June 2009 £000	52 weeks to 28 June 2008 £000
Net cash (used in)/from operating activities	*12*	**(143)**	170
Investing activities			
Interest income	*3*	**1,628**	1,817
Finance costs	*3*	**(853)**	(149)
Net cash generated by investing activities		**775**	1,668
Financing activities			
Repayment of loan notes		**(26)**	-
Decrease in other loans		**-**	(45,000)
Proceeds on issue of shares		**-**	46,259
Net decrease in borrowings from group undertakings		**(21,582)**	(19,750)
Net cash used in financing activities		**(21,608)**	(18,491)
Net decrease in cash and cash equivalents		**(20,976)**	(16,653)
Cash and cash equivalents at beginning of period		**(12,152)**	4,501
Cash and cash equivalents at the end of period		**(33,128)**	(12,152)

Notes

1 Significant accounting policies

Basis of accounting
The financial statements of the company are presented as required by the Companies Act 2006 As permitted by that Act, they have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union and have been applied consistently throughout the current and pnor year

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

Going concern
The directors have received confirmation from Steinhoff UK Holdings Limited, the parent company of the UK group, that it will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future

In considering the ability of Steinhoff UK Holdings Limited to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of Steinhoff UK Holdings Limited's forecasts, the continuing availability of its facilities and its strategic and contingent plans

Additional details surrounding these uncertainties and mitigating actions can be found in the accounts for Steinhoff UK Holdings Limited

Taking all these factors into account the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going basis in preparing the annual report and accounts

Recognition of revenue
Revenue relates to dividend income, which is accounted for when it is receivable

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

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

1 **Significant accounting policies** *(contınued)*

Operating profit
Operatıng profit ıs stated before accountıng for ınvestment revenue and finance costs.

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

The tax currently payable ıs based on taxable profit for the penod Taxable profit dıffers from net profit as reported ın the ıncome statement because ıt excludes ıtems of ıncome or expense that are taxable or deductıble ın other penods and ıt further excludes ıtems that are never taxable or deductıble The company's lıabılıty for current tax ıs calculated usıng tax rates that have been enacted or substantıvely enacted by the balance sheet date

Deferred tax ıs the tax expected to be payable or recoverable on dıfferences between the carryıng amounts of assets and lıabılıtıes ın the financıal statements and the correspondıng tax bases used ın the computatıon of taxable profit, and is accounted for usıng the balance sheet lıabılıty method

Deferred tax lıabılıtıes are generally recognısed for all taxable temporary dıfferences and deferred tax assets are recognısed to the extent that ıt ıs probable that taxable profits wıll be available agaınst whıch deductıble temporary dıfferences can be utılısed Such assets and lıabılıtıes are not recognısed ıf the temporary dıfference anses from goodwıll or from the ınıtıal recognıtıon (other than ın a busıness combınatıon) of other assets and lıabılıtıes ın a transactıon that affects neıther the tax profit nor the accountıng profit

The carryıng amount of deferred tax assets ıs revıewed at each balance sheet date and reduced to the extent that ıt ıs no longer probable that suffıcıent taxable profits wıll be avaılable to allow all or part of the asset to be recovered

Deferred tax ıs calculated at the tax rates that are expected to apply ın the penod when the lıabılıty ıs settled or the asset ıs realısed Deferred tax ıs charged or credıted ın the ıncome statement, except when ıt relates to ıtems charged or credıted dırectly to equıty, ın whıch case the deferred tax ıs also dealt wıth ın equıty

Investments
Investments ın subsıdıary undertakıngs are ınıtıally measured at cost, ıncludıng transactıon costs At subsequent reportıng dates, ınvestments are carned at cost subject to annual ımpaırment revıew

Patents
Patents are measured ınıtıally at purchase cost and are amortısed on a straıght lıne basıs over theır estımated useful lıves

1 Significant accounting policies *(continued)*

Financial instruments
Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument 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
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 and amounts owed by group undertakings where the carrying amount is reduced through the use of an allowance account When a trade receivable is uncollectable, it is written off against the allowance account Subsequent recoveries of amounts previously written off are credited against the allowance account Changes in the carrying amount of the allowance account are recognised in profit or loss

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand less overdrafts 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

Notes *(contmued)*

1 **Significant accounting policies** *(contmued)*

Future developments
In the current year, the followmg new and revised Standards and Interpretatıons have been adopted and have affected the amounts reported in these financıal statements

- Amendment to IAS 39 Fınancial Instruments· Recognition and Measurement and IFRS 7 Fınancial Instruments Disclosures regardıng reclassıficatıons of financial assets The amendment to IAS 39 permıts an entıty to reclassıfy non-derıvatıve financıal assets out of the 'fair value through profit or loss' (FVTPL) and 'available for sale' (AFS) categones in very limited circumstances Such reclassıficatıons are permıtted from 1 July 2008 Reclassificatıons of financial assets made ın penods begınnıng on or after 1 November 2008 take effect only from the date when the classıficatıons ıs made The company does not hold any non-derıvatıve financial assets and hence, no such reclassıficatıons have been made

At the date of authorısatıon of these financial statements, the followıng standards and ınterpretatıons, whıch have not been applied ın these financial statements, were ın ıssue but not yet effectıve The dırectors antıcıpate that the adoptıon of these standards and ınterpretatıons wıll have no materıal ımpact on the company's financial statements except when IFRS 3 (revısed 2008) and IAS 27 (revısed 2008) come ınto effect for busıness combınatıons for whıch the acquısıtıon date ıs on or after the begınnıng of the first annual penod begınnıng on or after 1 July 2009

- IFRS 1 and IAS 27 Cost of an Investment ın a Subsıdıary, Joıntly-Controlled Entıty, or Assocıate,
- IFRS 2 Share-based Payment Vestıng Condıtıons and Cancellatıons,
- IFRS 3 Busıness Combınatıons (revısed 2008),
- IFRS 7 Improvıng Dısclosures about Fınancıal Instruments (amendment 2009),
- IAS 1 Presentatıon of Fınancıal Statements (amendment 2007),
- IAS 23 Borrowıng Costs (revısed 2007),
- IAS 27 Consolıdated and Separate Fınancıal Statements (revısed January 2008),
- Improvements to IFRS 2008,
- Improvements to IFRS 2009, and
- IFRIC 17 Dıstrıbutıon of Non Cash Assets to Owners

Notes *(continued)*

2 Profit for the year

	52 weeks to 27 June 2009 £000	52 weeks to 28 June 2008 £000
Profit for the year is stated after charging /(crediting)		
Provision against investments in subsidiaries (note 6)	-	409
Release of allowance for doubtful debts (note 7)	-	(409)
Amortisation of intangibles	7	7

Auditor's remuneration in respect of the audit of the company's financial statements is £1,000 (2008 £1,000) and 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 and Dieperink were paid by Homestyle Operations Ltd The emoluments of Messrs Van der Merwe, Grobler and Jooste were paid by Steinhoff International Holdings Ltd Mr J D Sussman does not receive any emoluments from the group 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 Interest income and finance costs

	52 weeks to 27 June 2009 £000	52 weeks to 28 June 2008 £000
Interest income		
Bank interest receivable	224	343
Interest receivable from group companies	1,404	1,474
	1,628	1,817
Finance costs		
Bank interest payable	789	-
Other interest payable	64	149
	853	149

4 Taxation

	52 weeks to 27 June 2009 £000	52 weeks to 28 June 2008 £000
Analysis of charge in period		
UK corporation tax		
Current tax on income for the penod	**209**	115

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

	52 weeks to 27 June 2009 £000	52 weeks to 28 June 2008 £000
Profit on ordinary activities before tax	**738**	1,574
Current tax at 28% *(2008 29 5%)*	**207**	464
Effects of		
Expenses not deductible for tax purposes	**2**	2
Timing differences not recognised	-	(333)
Change in corporation tax rates	-	(18)
Total current tax	**209**	115

There is a £7,000 (2008 £7,000) deferred tax asset in respect of tax losses carried forward for use in future penods which has not been provided for, due to the uncertainty around the timing of the utilisation of the losses

5 Intangible assets - Patent

	2009 £000	2008 £000
Cost		
At the start and end of the penod	**144**	144
Amounts written off		
At the start of the penod	**30**	23
Amortisation	**7**	7
At the end of the penod	**37**	30
Net book value		
At the end of the penod	**107**	114
At the start of the penod	**114**	121

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

6 Investments in subsidiaries

	2009 £000	2008 £000
At the start of the penod	**331,008**	331,417
Provısıon for ımpaırment	**-**	(409)
At the end of the penod	**331,008**	331,008

Detaıls of the company's pnncıpal subsıdıanes are as follows

Name	Proportion of ownership interest at 27 June 2009	Proportıon of ownershıp ınterest at 28 June 2008
Homestyle Operatıons Ltd	**100%**	100%
Steinhoff UK Group Propertıes Ltd	**100%**	100%
Steınhoff UK Upholstery Lımıted *	**100%**	100%
Harveys Furnıshıng Ltd	**100%**	100%
Homestyle Retaıl Parks Lımıted	**100%**	100%

*Steınhoff UK Upholstery Lımıted ıs owned ındırectly, all other subsıdıary undertakıngs are held dırectly by Steınhoff UK Retaıl Ltd

All subsıdıary undertakıngs are ıncorporated ın England & Wales Detaıls of ınsıgnıficant subsıdıanes have not been dısclosed

7 Receivables

	27 June 2009 £000	28 June 2008 £000
Amounts owed by group undertakıngs	**73,525**	91,737
Less provısıon for ımpaırment of receıvables	**(68,680)**	(68,680)
	4,845	23,057
Prepayments and accrued ıncome	**2**	8
Total receıvables	**4,847**	23,065

The specıfic provısıon agaınst amounts owed by group undertakıngs ıs maınly ın relatıon to balances due from dormant companıes wıthın the Steınhoff UK Group whıch have been outstandıng for more than a year and are not consıdered to be recoverable The remaınıng unprovıded balance ıs neıther not past due nor ımpaıred The dırectors consıder there to be no sıgnıficant credıt nsk for the remaınıng unprovıded amounts owed by group undertakıngs No ınterest ıs charged on overdue receıvables

7 Receivables (continued)

There are no receıvables whıch are past due at the reportıng date for whıch the company has not provıded In determınıng the recoverabılıty of receıvables, the company consıders any change ın the credıt qualıty of the receıvable from the date credıt was ınıtıally granted up to the reportıng date

Movement in the allowance for doubtful debts	**2009 £000**	2008 £000
At the start of the penod	**68,680**	63,968
Transferred from subsıdıary company *	-	5,121
Decrease ın allowance recognısed ın the ıncome statement	-	(409)
At the end of the penod	**68,680**	68,680

* Durıng the pnor penod a debt due from a dormant subsıdıary of £5,121,000 whıch was fully provıded for was transferred to thıs company

8 Borrowings

	2009 £000	2008 £000
Bank overdrafts	**33,135**	12,159
Loan notes	**1,635**	1,661
	34,770	13,820
The weıghted average ınterest rates paıd were	**%**	%
Bank overdrafts	**3.9**	6 2
Loan notes	**3.5**	5 2

Bank borrowıngs are arranged at floatıng ınterest rates lınked to bank base rate They are repayable on demand The loan notes accrue ınterest at base rate plus 1% All borrowıngs are ın sterlıng

9 Trade and other payables

	27 June 2009 £000	28 June 2008 £000
Amounts owed to group undertakıngs	**7,688**	189,956
Other credıtors and accruals	**183**	187
	7,871	190,143

10 Share capital

	27 June 2009 £000	28 June 2008 £000
Authorised:		
360,000,000 (2008 - 360,000,000) ordinary shares of 25p each	**90,000**	90,000
Allotted, called up and fully paid:		
259,114,848 (2008 - 259,114,848) ordinary shares of 25p each	**64,779**	64,779

11 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 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
Profit for the period	-	-	-	-	-	529	529
At 27 June 2009	**64,779**	**176,460**	**38,649**	**288**	**-**	**(129,531)**	**150,645**

* In the prior period the treasury reserve related to shares held to meet the company's obligations under its long term incentive plan for key employees was terminated

12 Note to the cash flow statement

	27 June 2009 £000	28 June 2008 £000
Operating loss	**(37)**	(94)
Adjustments for		
Provision for impairment of investments	**-**	409
Amortisation of intangible assets	**7**	7
Operating cash flows before movements in working capital	**(30)**	322
Decrease in receivables excluding inter company	**6**	75
Decrease in payables excluding inter company	**(4)**	(227)
Cash generated by operations	**(28)**	170
Income taxes paid	**(115)**	-
Net cash (outflow)/inflow from operating activities	**(143)**	170

13 Related party transactions

	Period to 27 June 2009		As at 27 June 2009	
	Income £000	Expenditure £000	Amounts recoverable £000	Amounts payable £000
Parent company	-	-	-	7,573
Other Steinhoff companies	1,404	-	4,845	142,589
Total	**1,404**	**-**	**4,845**	**150,162**

	Period to 28 June 2008		As at 28 June 2008	
	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**

Other Steinhoff companies include all subsidiaries and associated companies of Steinhoff International Holdings Limited excluding the parent These transactions are concluded at arm's length in the normal course of business

14 Ultimate holding company and controlling party

The company is a wholly owned subsidiary of Steinhoff UK Holdings Limited, a company registered in England and Wales 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 400 of the Companies Act 2006

The smallest group for which the results of the company are consolidated is headed by Steinhoff UK Holdings Limited Copies of these consolidated financial statements may be obtained from Steinhoff UK Business Park, Northway Lane, Ashchurch, Tewkesbury GL20 8GY England

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

15 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		**2009**	2008
		£000	£000
Financial assets at amortised cost			
Cash		**7**	7
Amounts owed by group undertakings		**4,845**	23,057
		4,852	23,064
Financial liabilities at amortised cost			
Amounts owed to group undertakings	- current	**7,688**	189,956
	- non-current	**142,474**	-
Bank overdrafts		**33,135**	12,159
Loan notes		**1,635**	1,661
		184,932	203,776

The current financial liabilities all fall due for repayment within three months of the balance sheet date The non-current amounts owed to group undertakings all fall due for repayment on or after 30 September 2010

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 of the UK group communicates with operating divisions and consolidates the UK group's requirements It plays a role in the identification and management of the following risks interest rate risk, credit risk and liquidity risk

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

15 Financial instruments (continued)

Interest rate risk management
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 £73,000 (2008 £170,000), 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 regularly assessed

At 27 June 2009, 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's management based on the assessment of the ability of group companies to repay amounts due

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

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

Repayment terms are agreed for amounts payable to other group companies and loan agreements are put in place for all balances which are not repayable on demand

15 Financial instruments (continued)

The followıng table detaıls the company's remaınıng contractual maturıty for ıts financıal lıabılıtıes as at the balance sheet date and has been drawn up based on the undıscounted contractual maturıtıes of the financıal lıabılıtıes except where the company ıs entıtled and ıntends to repay the lıabılıty before ıts maturıty

	0 - 3 months £000	3 months to 1 year £000	1-5 years £000	Total £000
2009				
Amounts owed to group undertakıngs				
- current	7,688	-	-	7,688
- non current	-	-	142,474	142,474
Bank overdraft	33,135	-	-	33,135
Loan notes	-	1,635	-	1,635
	40,823	1,635	142,474	184,932
2008				
Amounts owed to group undertakıngs	189,956	-	-	189,956
Bank overdraft	12,159	-	-	12,159
Loan notes	-	1,661	-	1,661
	202,115	1,661	-	203,776

The current financıal lıabılıtıes all fall due for repayment wıthın three months of the balance sheet date The non-current amounts owed to group undertakıngs all fall due for repayment on or after 30 September 2010

Fair values
The faır values of the company's receıvables, cash and cash equıvalents, payables and loans and overdrafts are assumed to approxımate to theır book value

16 Contingent liabilities

The company has entered ınto a composıte cross guarantee wıth the other companıes ın the Steınhoff UK Group to guarantee the Steınhoff UK group's bank loans and overdrafts The maxımum potentıal lıabılıty under these guarantees ıs lımıted to £40,750,000 (2008 £31,750,000)

The company ıs also a guarantor to the syndıcated facılıtıes of Steınhoff Europe AG, the parent company of the Steınhoff UK Group