

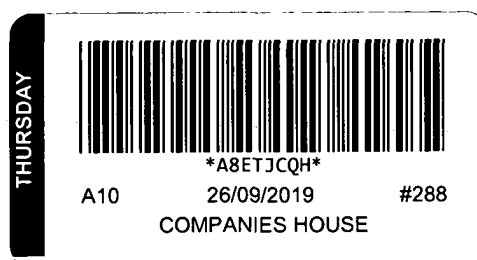
**Poundland International Limited**

**Annual report and financial statements**

**Registered number 03484379**

**for the 52 week period ended**

**30 September 2018**



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## Strategic report

The directors present their annual report and the audited financial statements for the 52 week period ended 30 September 2018.

### Principal activity and business review

The principal activity of the Company is that of an investment holding company.

The Company holds 100% of the share capital of Dealz España SL, a Spanish value retailer, which has traded since 2014 under the 'Dealz' brand.

As part of a wider group restructuring on 28 June 2017, the Company acquired 100% of the share capital of Vaucluse Diffusion S.A.S, a French value retailer, from another group undertaking. Following the acquisition, its stores were rebranded to the 'Dealz' fascia. On 29 September 2017, Vaucluse Diffusion issued additional share capital, which was purchased by Poundland International Limited. To fund this increased investment, the Company borrowed funds from its parent undertaking, Poundland Limited.

On 25 September 2017, the Company acquired 50% of the share capital of Dealz Poland sp. z o.o., in preparation for the roll-out of the 'Dealz' brand into Poland in 2018. The other 50% was acquired by Poundland Limited.

The Company made a loss before taxation for the 52 weeks ended of £17,846k (79 weeks ended 1 October 2017: £30k). The loss in the period arises as a result of the impairment charge on the investment of Vaucluse Diffusion S.A.

A decision was made by the Pepkor Europe Limited Group to close operations in France. Subsequently Vaucluse Diffusion S.A. ceased trading in November 2018.

Given the limited nature of the Company's activities, no key performance indicators are monitored.

### Principal risks and uncertainties

As an investment holding company, the principal risks are those faced by its main investments.

By order of the board



**D Williams**  
Director

Wellmans Road  
Willenhall  
West Midlands  
WV13 2QT

25 September 2019

## **Directors' report**

The directors present their annual report and audited financial statements for the 52 weeks ended 30 September 2018. (2017: 79 weeks ended 1 October 2017).

### **Directors**

The directors who held office during the period, except as noted, were as follows:

A Garbutt	(resigned 16 November 2018)
R Ellis	(resigned 11 October 2018)
A Cooke	
D Williams	(appointed 11 October 2018)

Other than those disclosed above, there have been no changes in directors after the period end.

### **Future developments**

The Company will continue to operate as an investment holding company.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

The directors have obtained a letter of support from its parent undertaking, Pepkor Europe Limited, and have considered the ability of Pepkor Europe Group to be able to give this letter of support for a period of 12 months from the date of these accounts.

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

### **Director indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

### **Results and dividend**

The directors do not recommend the payment of a dividend (79 weeks ended 1 October 2017: £nil). The results for the period are set out in the income statement on page 8.

### **Policy and practice on payment of creditors**

Provided that a supplier is complying with the relevant terms and conditions, including prompt and complete submission of all specified documentation, payment will be made in accordance with these agreed terms. Company policy is to ensure that suppliers know the terms on which payment will take place at the time of entering a transaction. The Company does not follow any code or standard on payment practice.

### **Environmental matters**

The Company recognises that its operations impact the environment and that this is an increasingly important issue for consumers. The Company actively pursues policies that help to reduce its carbon footprint and costs. It focuses on four key areas: using less electricity, maximising recycling opportunities; improving fuel efficiency; and reducing packaging waste. The Company actively pursues policies that help to reduce the environmental impact of its operations and constantly seeks to reduce energy consumption to deliver efficiencies and meet the exacting environmental requirements of its socially aware customers.

## Directors' report (continued)

### Environmental matters

The Company recognises that its operations impact the environment and that this is an increasingly important issue for consumers. The Company actively pursues policies that help to reduce its carbon footprint and costs. It focuses on four key areas: using less electricity, maximising recycling opportunities; improving fuel efficiency; and reducing packaging waste. The Company actively pursues policies that help to reduce the environmental impact of its operations and constantly seeks to reduce energy consumption to deliver efficiencies and meet the exacting environmental requirements of its socially aware customers.

By order of the board



**D Williams**  
*Director*

Wellmans Road  
Willenhall  
West Midlands  
WV13 2QT

25 September 2019

## Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including *FRS 101 Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# **Independent auditor's report to the members of Poundland International Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Poundland International Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# **Independent auditor's report to the members of Poundland International Limited (continued)**

## **Other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## **Responsibilities of directors**

As explained more fully in the Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.



## **Independent auditor's report to the members of Poundland International Limited (continued)**

### **Matters on which we are required to report by exception**

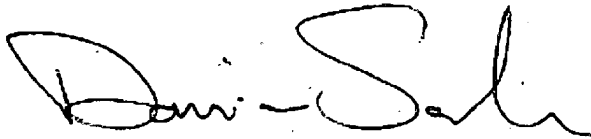
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

### **Use of our report**

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.



Damian Sanders FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom

25 September 2019

## Income statement

for the 52 week period ended 30 September 2018

	Note	52 weeks ended 30 September 2018 £000	79 weeks ended 1 October 2017 £000
Administrative expenses - impairment of Vaucluse		(16,191)	-
Administrative expenses - other		(1,006)	-
Total administrative expenses		(17,197)	-
<b>Operating loss</b>		<b>(17,197)</b>	<b>-</b>
Finance costs	4	(649)	(30)
<b>Loss before tax</b>		<b>(17,846)</b>	<b>(30)</b>
Tax on loss	5	309	6
<b>Loss for the period and total comprehensive expense</b>		<b>(17,537)</b>	<b>(24)</b>

There is no other comprehensive income other than the loss for the period and prior period shown above and therefore no separate statement of other comprehensive income has been presented.

All activities were continuing throughout the current and preceding period.

The notes on pages 11 to 15 form part of these financial statements.

**Statement of financial position**  
*at 30 September 2018*

	<i>Note</i>	<b>30 September 2018 £000</b>	<b>1 October 2017 £000</b>
<b>Non current assets</b>			
Investments in subsidiaries	6	3	16,194
<b>Current assets</b>			
Corporation tax receivable		-	6
<b>Total assets</b>		<u>3</u>	<u>16,200</u>
<b>Current liabilities</b>			
Amounts owed to Group undertakings	7	(17,567)	(16,227)
<b>Net liabilities</b>		<u>(17,564)</u>	<u>(27)</u>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	8	-	-
Retained losses		(17,564)	(27)
<b>Total deficit</b>		<u>(17,564)</u>	<u>(27)</u>

The notes on pages 11 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 25 September 2019 and were signed on its behalf by:



**D Williams**  
*Director*

Company registered number: 03484379

**Statement of changes in equity**  
*for the period ended 30 September 2018*

	Share capital £000	Retained losses £000	Total equity £000
<b>Balance at 27 March 2016</b>	-	(3)	(3)
<b>Total comprehensive income for the period</b>			
Loss for the period	-	(24)	(24)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	(24)	(24)
	<hr/>	<hr/>	<hr/>
<b>Balance 1 October 2017</b>	-	(27)	(27)
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive expense for the period</b>			
Loss for the period	-	(17,537)	(17,537)
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the period	-	(17,537)	(17,537)
	<hr/>	<hr/>	<hr/>
<b>Balance 30 September 2018</b>	-	(17,564)	(17,564)
	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 15 form part of these financial statements.

## Notes to the financial statements (forming part of the financial statements)

### 1 Accounting policies

Poundland International Limited (the "Company") is a private Company limited by shares incorporated and domiciled in England and Wales, in the United Kingdom.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's immediate parent undertaking, Pepkor Europe Limited (previously Poundland UK and Europe Limited) includes the Company in its consolidated financial statements. The consolidated financial statements of Pepkor Europe Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Unit B, 120 Weston Street, London, SE1 4GS.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Transactions with key management personnel;
- Disclosures in respect of transactions with group companies; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Pepkor Europe Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.2 Going concern

At 30 September 2018, the Company was in both a net current liabilities and net liabilities position. As such, the directors have obtained a letter of support from its immediate parent Company, Poundland Limited, and have considered the ability of Poundland Limited and the wider Pepkor Europe Group to be able to give this letter of support for a period of 12 months from the date of these accounts. It has available to it intercompany funding to support its requirements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### *Investments in debt and equity securities*

Shares in subsidiary undertakings are stated at cost less any provision for impairment where in the opinion of the directors, there has been a diminution in the value of the investment.

#### 1.4 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### 1.5 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.

The directors are of the view that there are no critical judgements or key sources of estimation uncertainty, that have been made in the process of applying the Company's accounting policies and that would have the most significant effect on the amounts recognised in the financial statements.

## Notes (continued)

### 2 Fees payable to the auditor

Auditor's remuneration is borne by Poundland Limited, another Group undertaking. No non-audit services were provided by the Company's auditor to the Company.

### 3 Staff numbers and costs

The Company has no employees other than the directors. Their remuneration was paid by another Group undertaking in both periods.

### 4 Finance costs

	52 weeks ended 30 September 2018 £000	79 weeks ended 1 October 2017 £000
Interest on intercompany loans	649	30

### 5 Taxation

#### Recognised in the income statement

	52 weeks ended 30 September 2018 £000	79 weeks ended 1 October 2017 £000
<i>Current taxation</i>		
Current tax credit on income for the period	309	6

#### Factors affecting the tax credit for the current period

The current tax credit for the period is lower than (79 weeks ended 1 October 2017: same as) the standard rate of corporation tax in the UK of 19% (79 weeks ended 1 October 2017: 19.67%).

	52 weeks ended 30 September 2018 £000	79 weeks ended 1 October 2017 £000
Loss before tax	(17,846)	(30)
Current tax at 19% (79 weeks ended 1 October 2017: 19.67%)	3,391	6
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(3,391)	-
Adjustment in respect of prior periods	309	-
Total credit for the period	309	6

#### Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 30 September 2018 has been calculated based on these rates.

## Notes (continued)

### 6 Investments in subsidiaries

	Investment in subsidiary undertakings £000
Cost at beginning of the period	16,194
Less: Impairment provision	(16,191)
<b>Cost at end of the period</b>	<b>3</b>

Following the closure of a number of the Dealz stores in France within FY18 and store expansion efforts being focussed towards Eastern Europe the recoverability of the investment evaluated at the balance sheet date and a decision was made to write down the investment in Vaucluse Diffusion S.A. to zero. The remaining stores ceased trading and were closed in FY19. No further adjustments arose in the company in FY19 as a result of this closure.

The Company's subsidiary undertakings at the reporting date:

Name	Country of incorporation	Principal activity	Percentage of ordinary shares held
Dealz España SL	Spain	Value Retailer	100%
Dealz Poland Sp. z o.o.	Poland	Value Retailer	50%
Vaucluse Diffusion SAS	France	Value Retailer	100%

Dealz Espana SL's registered address is: B86867515, Calle Bravo, Murillo 192, Madrid, Spain.

Dealz Poland Sp. Z o.o.'s registered address is: Strzeszynska 73a Street, Poznan, Poland.

Vaucluse Diffusion SA registered address is: 1 bis avenue Guy de Maupassant, 13170 Les Pennes Mirabeau, France.

### 7 Amounts owed to Group undertakings

	30 September 2018 £000	1 October 2017 £000
Amounts owed to group undertakings	17,567	16,227

Amounts owed to group undertakings are interest bearing at the Bank of England base rate plus 2.35%, are repayable on three months' notice and denominated in Euros.

### 8 Share capital

	30 September 2018 £000	1 October 2017 £000
<b>Authorised, allotted and called up</b>		
2 ordinary shares of £1 each	-	-

### 9 Transactions with related parties

The Company has taken advantage of the exemption conferred by paragraph 8(j) of FRS 101 not to disclose transactions with other Group companies.



## **Notes** *(continued)*

### **10 Subsequent events**

As explained in Note 6, a decision was made by the Pepkor Europe Limited Group to close operations in France. Subsequently Vacluse Diffusion S.A. ceased trading in November 2018 and ceased operations of the company in Spring 2019.

### **11 Ultimate parent company**

At the balance sheet date the Company is a direct subsidiary of Poundland Limited and an indirect subsidiary of Pepkor Europe Limited which is registered in England and Wales. The registered address of Poundland Limited is: Wellmans Road, Willenhall, West Midlands, WV13 2QT.

Following a group reorganisation in August 2019 the company's immediate parent undertaking changed to PEU (Fin) Limited. PEU (Fin) Limited's registered address is Unit B, 120 Weston Street, London, SE1 4GS.

#### **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 address of Steinhoff International Holdings N.V. is: Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Road, Stellenbosch 7600, South Africa.

The parent of the smallest group in which these financial statements are consolidated is Pepkor Europe Limited, incorporated in England and Wales. The address of Pepkor Europe Limited is: Unit B, 120 Weston Street, London, SE1 4GS.

### **12 Post balance sheet events**

In August 2019 Pepkor Europe Limited successfully re-financed the January 2018 external debt, which was due to expire in January 2020. The new facility is a two-and-a-half-year term debt for €475m to replace the existing facility, alongside a revolving credit facility to provide additional working capital headroom for the Group. As part of this re-financing the Group will also take the opportunity to further reduce exposure to the Steinhoff Group through repayment of some shorter-term intercompany debt.

The Pepkor Europe Limited Group has commenced an exercise to simplify its legal structure. This has resulted in certain Pepkor Europe Limited investment and intercompany balances being moved around the Pepkor Europe Limited Group or consolidated.