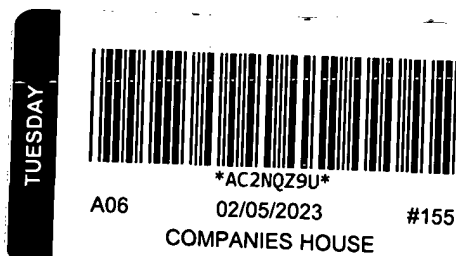


Registration number: 03738136

# Steinhoff UK Holdings Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2022



## **Steinhoff UK Holdings Limited**

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## **Steinhoff UK Holdings Limited**

### **Company Information**

<b>Directors</b>	N G Brown
	S Mahajan
	LJ Du Preez
	T L R De Klerk
	H Lee
<b>Registered office</b>	The Space (Floor 3) 120 Regent Street London W1B 5FE
<b>Auditor</b>	Mazars LLP Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

## **Steinhoff UK Holdings Limited**

### **Strategic Report for the Year Ended 30 September 2022**

The directors present their strategic report for the year ended 30 September 2022.

#### **Review of the business, key performance indicators and future developments**

The company is an investment holding company. The majority of transactions are with group undertakings, and the key performance indicators for the company are profit or loss after taxation and net assets, both of which are shown in the financial statements. Profit or loss after tax is liable to fluctuate significantly year on year if one-off transactions occur. 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 profit after taxation was £2,492,000 (2021: £2,191,629,000).

At an operating level, the company's operating loss was £781,000 (2021: £14,784,000).

During the prior year, there were a number of costs incurred in relation to guarantees that the company had given to former subsidiaries, included in administrative expenses of £9,647,000. Administrative expenses reduced to £100,000 in the current year.

Other losses reduced to £681,000 (2021: £5,137,000), primarily due to a provision of £3,698,000 which was made in the prior year in relation to a guarantee given to the Homestyle 2007 Pension Scheme as described in note 17. This provision was partially reversed in the current year, by £698,000, as the company made a reassessment of the amount that it expected to have to pay out under the guarantee,

As in previous years the company has recognised an impairment against investments in subsidiaries of £1,379,000 (2021: £1,439,000), which relates to the company's investment in Homestyle Pension Company Limited ("Homestyle"), the sponsor of the Homestyle 2007 Pension Scheme. The company funds Homestyle's running costs and has provided against its total investment in Homestyle as it does not expect to receive any return on this investment.

Net finance income reduced from £2,208,646,000 to £3,273,000, with the main driver being dividend income of £2,203,961,000 received from its subsidiary Retail Holdings SarL, in the prior year which was not repeated in the current year. Other finance income and costs also reduced, as interest receivable and payable both reduced following settlement of the loans on which this interest was charged during the year.

Foreign exchange gains/losses as part of net finance income arose on a loan that the company had to one of its former Australian subsidiaries which was denominated in Australian dollars. This loan has now been settled.

Dividends of £nil were declared during the year (2021: £2,629,082,000).

Net assets increased from £13,217,000 to £15,709,000 as a result of the profit for the year.

Events occurring subsequent to the financial year are disclosed in the Directors' Report and note 20 to the financial statements.

## **Steinhoff UK Holdings Limited**

### **Strategic Report for the Year Ended 30 September 2022 (continued)**

#### **Principal risks and uncertainties**

The company is an investment holding company with investments in subsidiaries, which were previously linked mainly to the furniture, bedding, homewares and discount retail sector. The success of these entities is therefore influenced by the economic environment in which they operate. However following the disposal of Pepco Group Limited and its subsidiaries during the prior year, the company retained only investments in non-trading companies.

A review of all potential business risks is carried out on an ongoing basis, determining the potential impact on the company, the likelihood of the risk arising, the current controls in place to mitigate such risks, and taking corrective actions to controls as necessitated by the review.

A number of key cash flow assumptions and risks faced by the company are highlighted in the going concern section of note 2 to the financial statements, including:

- Company Voluntary Arrangements ("CVA") of Steinhoff Europe AG and Steinhoff Finance Holding GmbH and subsequent developments, including the Group Debt Restructure;
- Further funding for subsidiaries.

Please refer to note 2 for more information on the above assumptions and risks.

The financial position of the company and liquidity position are detailed in the financial statements.

#### *Credit risk*

Potential concentration of credit risk consists principally of short-term cash and cash equivalent investments, and amounts owed by group undertakings. The company deposits short-term cash surpluses with a reputable bank. The ability of group undertakings to repay amounts due is regularly assessed.

At the year end, the company did not consider there to be any other significant concentration of credit risk which had not been adequately provided for.

#### *Liquidity risk*

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is managed at various levels, starting at the ultimate holding company and cascading down through the group. The company and the group as a whole manage liquidity risk by monitoring forecast cash flows which are provided weekly or monthly as appropriate for the unit. Please refer to the going concern section of note 2 for assumptions made in the company's cash flow forecasts.

## **Steinhoff UK Holdings Limited**

### **Strategic Report for the Year Ended 30 September 2022 (continued)**

#### **Section 172 (1) Statement**

The directors consider, individually and collectively, that they have acted in a way they consider would be most likely to promote the success of the company for the benefit of its members as a whole having regard to the stakeholders and matters set out in section 172 of the Companies Act 2006, namely:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business contact; and
- (f) the need to act fairly between members of the company.

The following summarises how the directors fulfil their duties:

#### *Risk management*

It is vital that we effectively identify, evaluate, manage and mitigate the risks that we face as a business. For details of the risks and uncertainties and how they are dealt with, refer to the section above.

#### *Employees*

As an investment holding company, the company has no employees other than the directors.

#### *Business relationships*

The company's main relationships are with fellow group companies, with which the company has strong long-term relationships as all group companies work towards the common goal of monetising assets in order to make repayments of outstanding debt to the CVA lenders.

#### *Community and environment*

Exceeding environmental compliance is a key feature of business strategy for the trading subsidiaries of the company. We are mindful of the environmental impact of the company's subsidiaries and encourage those companies to minimise this as much as possible.

#### *Maintaining a reputation for high standards of business conduct*

Our intention is to behave responsibly and ensure that management operates the business in a responsible manner. Given the nature of the company as an investment holding company, business relationships are mostly with fellow group companies, and we strive to uphold the highest standards of business conduct when dealing with those companies.

#### *Members of the company*

The shareholders of the company are closely involved in any major decisions made by the board relating to the current running and the future of the company in order to work towards the common goal as stated above of monetising assets in order to make repayments of outstanding debt to the CVA lenders.

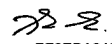
#### **Energy and carbon report**

The company is exempt from reporting as it is a low energy user for the year ended 30 September 2022, consuming less than 40MWh during the year.

**Steinhoff UK Holdings Limited**

**Strategic Report for the Year Ended 30 September 2022 (continued)**

Approved by the Board on 29 March 2023 and signed on its behalf by:

DocuSigned by:  
  
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T L R De Klerk  
Director

## **Steinhoff UK Holdings Limited**

### **Directors' Report for the Year Ended 30 September 2022**

The directors present their report and the financial statements for the year ended 30 September 2022.

#### **Directors of the company**

The directors, who held office during the year and thereafter unless otherwise stated, were as follows:

N G Brown

S Mahajan

LJ Du Preez

T L R De Klerk

H Lee

#### **Dividends**

During the year, a dividend of £nil (2021: £2,629,082,000) was declared by the company. No dividend has been proposed or declared since the year end.

#### **Matters included in the Strategic Report**

In accordance with s414C of the Companies Act 2006, included in the Strategic Report is information relating to the future development of the business which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulations 2008' to be contained in a Directors' Report. Also included in the Strategic Report are disclosures in relation to financial risk management and financial risk exposure.

#### **Going concern**

The financial statements have been prepared on the going concern basis on the assumption that the company will continue in operational existence for the foreseeable future, namely for 12 months from the date of signing the financial statements. In forming the conclusion that the accounts should be prepared on this basis, the directors have taken into account a number of factors, making certain assumptions and estimates in the process.

As discussed further in note 2 of the financial statements, the directors note that the combination of circumstances highlighted in that note, in particular the implementation of the Maturity Extension Transaction, represents a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern, and that therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the directors are of the opinion that the Maturity Extension Transaction will be implemented, and after making enquiries and in particular considering the assumptions and uncertainties described in note 2 of the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, namely for 12 months from the date of signing the financial statements. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Further details regarding the preparation of financial statements on a going concern basis can be found in note 2 of the financial statements.



## Steinhoff UK Holdings Limited

### Directors' Report for the Year Ended 30 September 2022 (continued)

#### Important non adjusting events after the financial year

Subsequent to the year end, the SIHNV Group entered into a framework support agreement ("Support Agreement") with its largest financial creditors representing approximately 64% of the total Group Services' Debt, and has subsequently received support from more than 80% (being the requisite support required for a consensual transaction with lenders) for all debt facilities except for the First lien term loan facility A1 and B1. The Support Agreement provides a stable platform for the Group to achieve the consents necessary to extend the maturity of the Group Services' Debt from the current maturity of 30 June 2023 to at least 30 June 2026, together with equity re-organisation steps and transactions (the "Maturity Extension Transaction"). A resolution approving the implementation of the Maturity Extension Transaction was put to a vote at the Annual General Meeting on 22 March 2022 and was not approved by the SIHNV's shareholders. The Maturity Extension Transaction is now proposed to be implemented by way of a Dutch law restructuring plan (akkoord) of SIHNV, as announced on the Group's website on 28 March 2023. The impact of this on the company's financial statements is discussed in the going concern section of note 2. Further detailed information can be found in the financial statements of SIHNV and on the Group's website.

#### Directors' liabilities

The company has purchased directors' and officers' liability insurance cover which was in place during the year and remains in place as at the date of this report.

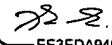
#### Disclosure of information to the auditor

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

#### Reappointment of auditor

The auditor Mazars LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 29 March 2023 and signed on its behalf by:

DocuSigned by:  
  
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T L R De Klerk  
Director

## **Steinhoff UK Holdings Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **Steinhoff UK Holdings Limited**

### **Independent Auditor's Report to the Members of Steinhoff UK Holdings Limited**

#### **Opinion**

We have audited the financial statements of Steinhoff UK Holdings Limited (the 'company') for the year ended 30 September 2022, which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the Notes to the Financial Statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 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.

## **Steinhoff UK Holdings Limited**

### **Independent Auditor's Report to the Members of Steinhoff UK Holdings Limited (continued)**

#### **Material uncertainty related to going concern**

We draw attention to note 2 of the financial statements, which sets out a going concern assessment for the company, including the status of the Steinhoff International Holdings N.V. ("SIHNV" or "the Group") Debt Restructure to which the financing of the company is linked.

The Group has entered into a Support Agreement to provide a stable platform for the Group to achieve the consents necessary to extend the maturity of the Group Services Debt from the current maturity date of 30 June 2023 to at least 30 June 2026, together with equity re-organisation steps and transactions (the "Maturity Extension Transaction").

The company's cash flow forecast assumes that the debt will not be repayable by the Group in the going concern review period, and the securities that the company has granted over certain of its assets will not be called during that period. However, there is no certainty that the necessary commercial and legal agreements and arrangements will be concluded to successfully implement the Maturity Extension Transaction, and should this not go ahead, the company may not be a going concern.

These factors indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

## **Steinhoff UK Holdings Limited**

### **Independent Auditor's Report to the Members of Steinhoff UK Holdings Limited (continued)**

#### **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 year 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.

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

*In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.*

We have nothing to report in respect of the following matters in relation to which 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.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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.

## **Steinhoff UK Holdings Limited**

### **Independent Auditor's Report to the Members of Steinhoff UK Holdings Limited (continued)**

#### **Auditor 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to: posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant account estimates and significant one-off or unusual transactions.

## **Steinhoff UK Holdings Limited**

### **Independent Auditor's Report to the Members of Steinhoff UK Holdings Limited (continued)**

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

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

#### **Use of the audit 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.

*TD Cooke*

.....  
Thomas Cooke (Senior Statutory Auditor) for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

29 March 2023

**Steinhoff UK Holdings Limited****Income Statement for the Year Ended 30 September 2022**

	Note	2022 £ 000	2021 £ 000
Revenue		-	-
Administrative expenses		(100)	(9,647)
Other losses	4	<u>(681)</u>	<u>(5,137)</u>
Operating loss	5	<u>(781)</u>	<u>(14,784)</u>
Finance income	6	3,929	2,223,130
Finance costs	7	<u>(656)</u>	<u>(14,484)</u>
Net finance income		<u>3,273</u>	<u>2,208,646</u>
Profit before tax		2,492	2,193,862
Income tax expense	10	<u>-</u>	<u>(2,233)</u>
Profit for the year		<u><u>2,492</u></u>	<u><u>2,191,629</u></u>

The above results were derived from continuing operations.

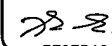
There were no items of comprehensive income in the year or prior year other than the profit for the year and, accordingly, no statement of comprehensive income is presented.



**Steinhoff UK Holdings Limited****(Registration number: 03738136)****Statement of Financial Position as at 30 September 2022**

	Note	2022 £ 000	2021 £ 000
<b>Fixed assets</b>			
Other financial assets	12	-	135,334
<b>Current assets</b>			
Trade and other receivables	13	-	24,805
Other financial assets	12	3,683	3,698
Cash at bank and in hand	14	15,247	9,713
		<u>18,930</u>	<u>38,216</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	15	(221)	(154,420)
Income tax liability		-	(2,215)
		<u>(221)</u>	<u>(156,635)</u>
<b>Net current assets/(liabilities)</b>		<u>18,709</u>	<u>(118,419)</u>
<b>Total assets less current liabilities</b>		18,709	16,915
<b>Provisions for liabilities</b>	16	<u>(3,000)</u>	<u>(3,698)</u>
<b>Net assets</b>		<u>15,709</u>	<u>13,217</u>
<b>Capital and reserves</b>			
Called up share capital	18	1	1
Retained profits		<u>15,708</u>	<u>13,216</u>
<b>Shareholder's funds</b>		<u>15,709</u>	<u>13,217</u>

Approved by the board on 29 March 2023 and signed on its behalf by:

DocuSigned by:  
  
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 .....  
 T L R De Klerk  
 Director

## Steinhoff UK Holdings Limited

## Statement of Changes in Equity for the Year Ended 30 September 2022

	Share capital £ 000	Share premium £ 000	Merger reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 October 2021	1	-	-	13,216	13,217
Profit for the year and total comprehensive income	-	-	-	2,492	2,492
At 30 September 2022	<u>1</u>	<u>-</u>	<u>-</u>	<u>15,708</u>	<u>15,709</u>

	Share capital £ 000	Share premium £ 000	Merger reserve £ 000	Retained (losses)/ earnings £ 000	Total £ 000
At 1 October 2020	1	791,851	3,334	(344,516)	450,670
Profit for the year and total comprehensive income	-	-	-	2,191,629	2,191,629
Dividends	-	-	-	(2,629,082)	(2,629,082)
Reduction of share premium	-	(791,851)	-	791,851	-
Transfer of merger reserve to retained earnings	-	-	(3,334)	3,334	-
At 30 September 2021	<u>1</u>	<u>-</u>	<u>-</u>	<u>13,216</u>	<u>13,217</u>

The notes on pages 17 to 29 form an integral part of these financial statements.  
Page 16

## **Steinhoff UK Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2022**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England & Wales and domiciled in England.

The address of its registered office is:

The Space (Floor 3)  
120 Regent Street  
London  
W1B 5FE  
England

These financial statements were authorised for issue by the board on 29 March 2023.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below.

##### **Basis of preparation**

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. They have been prepared under the historical cost convention.

The functional currency of the company is considered to be pounds sterling as that is the currency of the primary economic environment in which the company operates.

##### **Summary of disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of IAS 7 Statement of Cash Flows;
- (c) the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- (d) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- (e) the requirement in paragraph 30 and 31 of IAS 8 to disclose new IFRS's not yet effective.

Where relevant, equivalent disclosures have been given in the group accounts of Steinhoff International Holdings N.V.. The group accounts of Steinhoff International Holdings N.V. are available to the public and can be obtained from [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

## Steinhoff UK Holdings Limited

### Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

#### 2 Accounting policies (continued)

##### Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. This also includes details of its risks and uncertainties.

The Directors' Report and note 20 to the financial statements also give details of events subsequent to the year end which may have a material effect on the company.

The company produces 12-month rolling cash flow forecasts. These forecasts and projections show that the company should be able to continue in operational existence for the foreseeable future, namely for 12 months from the date of signing the financial statements.

However, it is noted that these cash flow forecasts, by their very nature, have inherent assumptions and uncertainties included. The directors draw attention to the following considerations that are key in arriving at the forecast cash flows, namely:

*CVA of Steinhoff Europe AG and Steinhoff Finance Holding GmbH and subsequent developments, including the Group Debt Restructure*

##### CVA Implementation in 2019

During August 2019, Steinhoff Europe AG ("SEAG") and Steinhoff Finance Holding GmbH ("SFHG"), fellow subsidiaries of Steinhoff International Holdings N.V. ("SIHNV", "the Group"), successfully completed the implementation of a restructuring of the Group's borrowings as described in note 17, whereby existing debt instruments in SEAG and SFHG were re-issued with effect from 14 December 2018, with a common maturity date of 31 December 2021, and the company granted security over certain of its assets. On 11 August 2021, the Group obtained confirmation that the necessary approvals had been granted by the financial creditors to extend the maturity date of the Group's debt by 12 months, until 31 December 2022.

##### Implementation of the Global Litigation Settlement

On 15 February 2022 (the "Settlement Effective Date"), the Group successfully implemented a settlement (the "Global Litigation Settlement") which concluded the ongoing and disputed legal claims and pending litigation proceedings arising from the legacy accounting issues in the Group first announced in December 2017. As part of this Global Litigation Settlement, the maturity date of the debt instruments referred to above was automatically extended to 30 June 2023 with effect from the Settlement Effective Date, with the option to seek a further 6 months extension to 31 December 2023 subject to approval by a simple majority of the Group's lenders. The Group engaged with its largest lenders who indicated they would not support a formal extension request and therefore, to date, this option has not been exercised.

## Steinhoff UK Holdings Limited

### Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

#### 2 Accounting policies (continued)

##### Going concern (continued)

###### Group Debt Restructure

Subsequent to the year end, on 15 December 2022, the Group entered into a Support Agreement with its Initial Participating Creditors, representing more than 64 per cent of the Group's total Debt, and has subsequently received support from more than 80% (being the requisite support required for a consensual transaction with lenders) for all debt facilities except for the First lien term loan facility A1 and B1.

The Support Agreement provides a stable platform for the Group to achieve the consents necessary to extend the maturity of the Group Services Debt from the current maturity date 30 June 2023 to at least 30 June 2026, together with equity re-organisation steps and transactions (the "Maturity Extension Transaction").

Subsequent to the year end, on 22 March 2023, a resolution approving the implementation of the Maturity Extension Transaction was put to vote at the Annual General Meeting and was not approved by the Group's shareholders. The Maturity Extension Transaction is now proposed to be implemented by way of a Dutch law restructuring plan (akkoord) of SIHNV, as announced on the Group's website on 28 March 2023.

The Group remains entitled to repay or refinance the existing First lien term loan. The directors are of the opinion that the existing First lien term loan will be refinanced before the implementation of the Maturity Extension Transaction.

The implementation of the Maturity Extension Transaction will result in the creation of a stable platform across the Group to optimise the orderly, expeditious and value enhancing monetisation of assets up to extended maturity. The directors of the company have a reasonable and informed expectation that the Maturity Extension Transaction will be implemented and therefore the company's cash flow forecast assumes that the debt will not be repayable by the Group in the going concern review period, and the securities that the company has granted over certain of its assets will not be called during that period. However, there is no certainty that the necessary commercial and legal agreements and arrangements will be concluded to successfully implement the Maturity Extension Transaction, and should this not go ahead, the company would not be a going concern.

###### *Further funding for subsidiaries*

It is assumed that the company's subsidiaries require no further funding from the company, other than the guarantee provided to Homestyle Pension Company Limited as explained in note 16.

The directors have concluded that the combination of these circumstances, in particular the implementation of the Maturity Extension Transaction, represents a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern, and therefore the company may not be able to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the directors are of the opinion that the Maturity Extension Transaction will be implemented, and after making enquiries and in particular considering the assumptions and uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, namely for 12 months from the date of signing the financial statements. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **Steinhoff UK Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Exemption from preparing group accounts**

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

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Steinhoff International Holdings N.V., a company incorporated in The Netherlands.

##### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 1 October 2021 have had a material effect on the financial statements.

##### **Finance income and costs policy**

Dividend income from an investment is recognised in the income statement until such time as the value of the investment equals the cost of the investment to the company, and from that point onwards the dividend is recognised as a return on capital against the investment.

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

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

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

##### **Tax**

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

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

##### **Investments**

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

## **Steinhoff UK Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Cash and cash equivalents**

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

##### **Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### **Share capital**

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

##### **Dividends**

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

##### **Financial instruments**

###### **Initial recognition**

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding investments, prepayments and accrued expenses.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at amortised cost.

## **Steinhoff UK Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Derecognition**

###### *Financial assets*

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

###### *Financial liabilities*

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

##### **Impairment of financial assets**

###### *Measurement of expected credit losses*

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

It is noted that the company's financial statements show that its total liabilities exceed its total assets as at 30 September 2022. However, the directors draw attention to the Support Agreement entered into on 15 December 2022 with its largest financial creditors in relation to financial creditors' support to achieve the consents necessary to extend the maturity of the Group's debt from the current maturity date of 30 June 2023 to at least 30 June 2026. Furthermore, the proposed Maturity Extension Transaction as well as the current debt documents includes limited recourse terms which in nature means that the company shall not be liable for any amount in excess of its assets at the relevant maturity date.

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

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

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

##### *Critical judgements in applying the company's accounting policies*

The critical judgement to be disclosed that has a material impact on the financial statements is as follows:

##### **Going concern**

For the assumptions made in forming the going concern opinion, refer to note 2.



## Steinhoff UK Holdings Limited

### Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

#### 4 Other losses

The analysis of the company's other (losses)/gains for the year is as follows:

	2022 £ 000	2021 £ 000
Impairment against investments in subsidiaries (note 11)	(1,379)	(1,439)
Decrease/(increase) in provisions (note 16)	698	(3,698)
	<u>(681)</u>	<u>(5,137)</u>

#### 5 Operating loss

Arrived at after crediting:

	2022 £ 000	2021 £ 000
Foreign exchange gains	<u>-</u>	<u>(118)</u>

#### 6 Finance income

	2022 £ 000	2021 £ 000
Dividend income	-	2,203,961
Other finance income	-	131
Interest receivable from group undertakings	995	19,038
Foreign exchange gains	<u>2,934</u>	<u>-</u>
	<u>3,929</u>	<u>2,223,130</u>

#### 7 Finance costs

	2022 £ 000	2021 £ 000
Foreign exchange losses	-	5,174
Interest payable to group undertakings	<u>656</u>	<u>9,310</u>
	<u>656</u>	<u>14,484</u>

#### 8 Staff costs

The company has no employees other than the directors. There were no staff costs during either year.

The emoluments of the directors were paid by fellow subsidiaries of Steinhoff International Holdings N.V..

## Steinhoff UK Holdings Limited

### Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

#### 8 Staff costs (continued)

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

	2022 No.	2021 No.
Administration and support	<u>5</u>	<u>5</u>
	<u>5</u>	<u>5</u>

#### 9 Auditor's remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	<u>25</u>	<u>30</u>

There were no non-audit fees payable to the company's auditor in either year.

#### 10 Income tax

Tax charged in the income statement:

	2022 £ 000	2021 £ 000
<b>Current taxation</b>		
UK corporation tax adjustment to prior periods	<u>-</u>	<u>2,233</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	<u>2,492</u>	<u>2,193,862</u>
Corporation tax at standard rate	473	416,834
Increase in current tax from adjustment for prior periods	-	2,233
Increase from effect of expenses not deductible in determining taxable profit	129	1,939
Group relief	(602)	(20)
Decrease from dividends received not taxable	<u>-</u>	<u>(418,753)</u>
Total tax charge	<u>-</u>	<u>2,233</u>

## Steinhoff UK Holdings Limited

### Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

#### 10 Income tax (continued)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023, the main corporation tax rate would increase from 19% to 25%. This new law was substantively enacted in the Finance Bill 2021 and received Royal Assent on 10 June 2021.

#### Deferred tax

There are £1,089,000 of unused tax losses (2021 - £1,089,000) for which no deferred tax asset is recognised in the statement of financial position. This has not been recognised due to the uncertainty of when these losses will be utilised in the future.

#### 11 Investments

Subsidiaries	£ 000
<b>Cost</b>	
At 1 October 2021	32,082
Additions	1,379
At 30 September 2022	33,461
<b>Provision</b>	
At 1 October 2021	32,082
Charge for the year	1,379
At 30 September 2022	33,461
<b>Carrying amount</b>	
At 30 September 2022	-

Details of the subsidiaries as at 30 September 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	2022	2021
Homestyle 2007 Pension Scheme Trustee Limited*	Pension Scheme Trustee	The Space (Floor 3), 120 Regent Street, London, W1B 5FE United Kingdom	Ordinary	100%	100%	100%
Homestyle Pension Company Limited*	Pension scheme employer company	The Space (Floor 3), 120 Regent Street, London, W1B 5FE United Kingdom	Ordinary	100%	100%	100%

\* indicates direct investment of the company

## Steinhoff UK Holdings Limited

### Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

#### 12 Other financial assets

	2022 £ 000	2021 £ 000
<b>Non-current financial assets</b>		
Receivables from group undertakings	-	135,334
	2022 £ 000	2021 £ 000
<b>Current financial assets</b>		
Escrow account	3,683	3,698

The funds in the Escrow account are held for the purposes of settling the guarantee given in relation to the Homestyle Pension Scheme (see note 16). They can only be used in certain circumstances and with the agreement of the Trustee of the Pension Scheme.

#### 13 Trade and other receivables

	2022 £ 000	2021 £ 000
<b>Current</b>		
Receivables from related parties	-	24,805

#### 14 Cash and cash equivalents

	2022 £ 000	2021 £ 000
Cash at bank	15,247	9,713

#### 15 Trade and other payables

	2022 £ 000	2021 £ 000
Accrued expenses	46	98
Amounts due to group undertakings	-	154,146
Other payables	175	176
	221	154,420

## Steinhoff UK Holdings Limited

### Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

#### 16 Other provisions

	Other provisions £ 000
At 1 October 2021	3,698
Decrease in existing provisions	(698)
At 30 September 2022	<u>3,000</u>
Current liabilities	<u>3,000</u>

In a previous year, Blue Group UK Retail Limited, a former subsidiary of the company, transferred the Homestyle 2007 Pension Scheme (the "Scheme"), a defined benefit pension scheme, to a newly incorporated subsidiary of the company, Homestyle Pension Company Limited. As part of the transfer, the company gave a guarantee to the Scheme up to the value of £33 million. As at the year end, there was an amount of £3,683,000 held in an Escrow account (see note 12). The provision above has been recognised as the estimated remaining amount expected to be paid out under the guarantee, and is expected to be utilised within 12 months of the statement of financial position date.

#### 17 Contingent liabilities

In August 2019, Steinhoff Europe AG ("SEAG") and Steinhoff Finance Holding GmbH ("SFHG"), fellow subsidiaries of Steinhoff International Holdings N.V. ("SIHNV"), successfully completed the implementation of the Restructuring (as detailed in the SEAG CVA and the SFHG CVA which can be found on the International company website <http://www.steinhoffinternational.com>). Among other things, the SIHNV Group implemented certain changes to the Group's European corporate holding structure and the restructuring of SEAG's and SFHG's financial indebtedness, extending the expiry of debt instruments to 31 December 2021 (and subsequently to 30 June 2023 as described in the going concern section of note 2).

As part of the SEAG CVA and the SFHG CVA, the company granted security over the company's bank accounts.

## Steinhoff UK Holdings Limited

### Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

#### 17 Contingent liabilities (continued)

Also as part of the SEAG CVA, two facilities agreements dated 12 August 2019 were entered into under broadly similar terms - the First Lien Facilities Agreement and the Second Lien Facilities Agreement (the "Facilities Agreements"). The company is one of the guarantors under the Facilities Agreements (the "Guarantors"). The Guarantors irrevocably and unconditionally jointly and severally guaranteed the punctual performance by Steenbok Lux Finco 2 SARL (the borrower under the Facilities Agreements) and each other Guarantors (together with the borrower, the "Obligor"s) of all of the Obligors' payment obligations under the first and second lien finance documents. The guarantee obligations under the first and second lien finance documents are limited recourse meaning that the company's liability is limited to its realisable assets. The Obligor entities have no liability to pay or otherwise make good any insufficiency once all assets have been exhausted and distributed (including via a formal process such as solvent liquidation).

The outstanding amounts under the Facilities Agreements at 30 September 2022 were €681 million (2021: €1,177 million) under the First Lien Facilities Agreement and €5,235 million (2021: €4,712 million) under the Second Lien Facilities Agreement.

These have been disclosed as contingent liabilities as there is a possible obligation to the company that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity.

#### 18 Share capital

##### Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,144</u>	<u>1,144</u>	<u>1,144</u>	<u>1,144</u>

The company has abolished its authorised share capital.

#### 19 Parent and ultimate parent undertaking

The company's immediate parent is Steenbok Newco 7 Limited. The ultimate parent is Steinhoff International Holdings N.V..

The most senior parent entity producing publicly available financial statements is Steinhoff International Holdings N.V.. These financial statements can be viewed on the website [www.steinhoffinternational.com](http://www.steinhoffinternational.com).

##### Relationship between entity and parents

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

## **Steinhoff UK Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)**

#### **19 Parent and ultimate parent undertaking (continued)**

The registered office of Steinhoff International Holdings N.V. is:  
Building B2  
Vineyard Office Park  
Cnr Adam Tas & Devon Valley Road  
Stellenbosch 7600  
South Africa

#### **20 Events after the financial year**

Subsequent to the year end, the SIHNV Group entered into a framework support agreement ("Support Agreement") with its largest financial creditors representing approximately 64% of the total Group Services' Debt, and has subsequently received support from more than 80% (being the requisite support required for a consensual transaction with lenders) for all debt facilities except for the First lien term loan facility A1 and B1. The Support Agreement provides a stable platform for the Group to achieve the consents necessary to extend the maturity of the Group Services' Debt from the current maturity of 30 June 2023 to at least 30 June 2026, together with equity re-organisation steps and transactions (the "Maturity Extension Transaction"). A resolution approving the implementation of the Maturity Extension Transaction was put to a vote at the Annual General Meeting on 22 March 2022 and was not approved by the SIHNV's shareholders. The Maturity Extension Transaction is now proposed to be implemented by way of a Dutch law restructuring plan (akkoord) of SIHNV, as announced on the Group's website on 28 March 2023. The impact of this on the company's financial statements is discussed in the going concern section of note 2. Further detailed information can be found in the financial statements of SIHNV and on the Group's website.