

Poundland Group Holdings Limited

Annual report and financial statements

Registered number 07036164

For the 52 weeks ended

30 September 2018



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Strategic report

The director presents his strategic report for the 52 weeks ended 30 September 2018.

Principal activity and business review

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

The Company's ultimate parent undertaking is Steinhoff International Holdings N.V.

Key performance indicators

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 indirect investment, Poundland Limited, details of which are disclosed in the annual report of Poundland Limited.

Future developments

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

Approved by the director



D Williams
Director

Wellmans Road
Willenhall
West Midlands
WV13 2QT

25 September 2019

Director's report

The director presents his annual report and the audited financial statements for the 52 week period 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)
D Williams	(appointed 11 October 2018)

Other than disclosed above, there have been no changes to the directors since the period end.

Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirm that, so far as he is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

Going concern

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

The director has obtained a letter of support from its parent undertaking, Pepkor Europe Limited, and has 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 director which were made during the period and remain in force at the date of this report.

Results and dividends

The results for the period are set out in the income statement on page 8. No dividend has been paid in the current or preceding period and none is proposed in respect of the current period.

Events subsequent to the reporting date

Further details are presented in Note 10 'Events subsequent to the reporting date'.

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 payments will take place at the time of entering into a transaction. The Company does not follow any code or standard on payment practice.

Director's 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.

Approved by the director



D Williams
Director

Wellmans Road
Willenhall
West Midlands
WV13 2QT

25 September 2019

Director's responsibilities statement

The director is responsible for preparing the Strategic report, Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director 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 director must not approve the financial statements unless he is satisfied that he gives 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He has a 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 Group Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of its result for the period then ended;
- have been properly prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Poundland Group Holdings Limited (the 'Company') which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 10.

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.

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.

Conclusions relating to going concern

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

- the director use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the director has 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 director is 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 Group Holdings 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 the director

As explained more fully in the director's responsibilities statement, the director is 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 director 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 director is 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 director 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 Financial Reporting Council's website at: 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 director's report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 director's report.

Independent auditor's report to the members of Poundland Group Holdings Limited (continued)

Matters on which we are required to report by exception

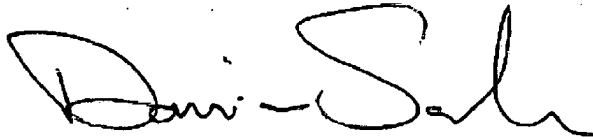
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 director's 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 ACA (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

	<i>Note</i>	52 week period ended 30 September 2018 £000	79 week period ended 1 October 2017 £000
Dividend income received from group companies		-	-
Result before taxation		-	-
Taxation	4	-	-
Result for the period		-	-

There is no other comprehensive income other than the result for the 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 16 form part of these financial statements.

Statement of financial position
at 30 September 2018

	<i>Note</i>	30 September 2018 £000	1 October 2017 £000
Non current assets			
Investments	5	278,174	165,215
Current assets			
Cash and cash equivalents		-	-
Total assets		278,174	165,215
Current liabilities			
Trade and other payables	6	(56)	(56)
Net assets		278,118	165,159
Equity attributable to equity holders of parent			
Share capital	7	-	-
Share premium		113,007	48
Retained earnings		165,111	165,111
Total equity		278,118	165,159

The notes on pages 11 to 16 form part of these financial statements.

These financial statements were approved by the director on 25 September 2019 and were signed by:



D Williams
Director

Company registered number: 7036164

Statement of changes in equity
for the 52 week period ended 30 September 2018

	Share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
Balance at 27 March 2016	-	48	165,111	165,159
Total comprehensive income for the period				
Result for the period	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Balance at 1 October 2017	-	48	165,111	165,159
Total comprehensive income for the period				
Result for the period	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Transactions with owners, recorded directly in equity				
Share premium on share issues	-	112,959	-	112,959
Total contributions by and distributions to owners	-	112,959	-	112,959
Balance at 30 September 2018	-	113,007	165,111	278,118

The notes on pages 11 to 16 form part of these financial statements.

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

1 Accounting policies

Poundland Group Holdings 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;
- Disclosures in respect of transactions with group companies;
- Transactions with key management personnel
- Disclosures in respect of capital management; 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 to the financial statements *(forming part of the financial statements)*

1 Accounting policies *(continued)*

1.2 *Going concern*

At 30 September 2018, the Company was in net current liabilities position. As such, the director has obtained a letter of support from its parent undertaking, Pepkor Europe Limited, and has 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. It has available to it intercompany funding to support its requirements. Thus the director continues 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, cash and cash equivalents, 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 director, there has been a diminution in the value of the investment.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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 periods.

1.5 *Dividends on shares presented within Shareholders' funds*

Dividends unpaid at the reporting date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.6 *Dividend income received*

Dividend income is recognised when the dividend had been appropriately authorised.

1.7 *Critical accounting judgements and key sources of estimation uncertainty*

In the application of the Company's accounting policies, the director is 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 director is 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 to the financial statements (forming part of the financial statements)

2 Fees payable to the auditor

Auditor's remuneration is borne by Poundland Limited, another Group undertaking. Amounts payable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Steinhoff International Holdings N.V.

3 Staff numbers and costs

Excluding the director, no persons were employed by the Company during the period (79 weeks ended 1 October 2017: None).

4 Taxation

Analysis of tax charge in the period

	52 weeks 2018 £000	79 weeks 2017 £000
<i>UK corporation tax</i>		
Current tax charge for the period	-	-

Factors affecting the tax charge for the current period

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

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 15 September 2016. This will reduce the Company's future current tax charge accordingly.

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

5 Investments in subsidiaries

	Investment in subsidiary undertakings
	£000
Cost	
At beginning of period	165,215
Additions	112,959
	<hr/>
At end of period	278,174
	<hr/>

During the period, intercompany loans between the Company's main trading subsidiary Poundland Limited and the Steinhoff group were restructured. These loans were novated to Pepkor Europe Limited on 18 January 2018. On 12 February 2018, £113m of the receivable was used to settle an increase in share capital. This transaction impacted all companies in the direct chain between Poundland Limited and Pepkor Europe Limited.

As part of this transaction, Poundland Group Limited increased its investments in subsidiaries by £113 million and issued one ordinary 1p share at a premium of £113m.

The overall impact on net assets is an increase of £113m.

The Company's subsidiary undertakings at the period end are:

Name	Country of incorporation	Principal activity	Percentage of ordinary shares held
Poundland Value Retailing Limited *	England	Investment company	100%
Poundland Retail Limited	England	Investment company	100%
Poundland Willenhall Limited	England	Investment company	100%
Poundland Holdings Limited *	England	Investment company	100%
Poundland Trustee Limited	England	Investment company	100%
Poundland Limited	England	Value Retailer	100%
Pepkor UK Retail Limited	England	Clothing Retailer	100%
GHM Stores Limited	England	Value Retailer	100%
M&O Business Systems Limited	England	Dormant	100%
Bargain Limited	England	Dormant	100%
Homes & More Limited	England	Dormant	100%
Poundland Stores Limited	England	Dormant	100%
Poundland International Limited	England	Investment company	100%
Sheptonview Limited	England	Dormant	100%
Poundland Far East Limited	Hong Kong	Product sourcing	100%
Dealz Espana SL	Spain	Value Retailer	100%
Dealz Poland Sp.z o.o.	Poland	Value Retailer	100%
Vaucluse Diffusion SAS	France	Value Retailer	100%
Dealz Retailing Ireland Limited	Republic of Ireland	Value Retailer	100%

* Directly owned by the Company

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

5 Investments in subsidiaries (continued)

All subsidiaries incorporated in the United Kingdom are registered at Wellmans Road, Willenhall, West Midlands, WV13 2QT, with the exception of Pepkor UK Retail Ltd which is registered at Oak House, Reeds Crescent, Watford, England, WD24 4QP.

Poundland Far East Limited's registered address is: Suite 701, 168 Queen's Road Central, Hong Kong.

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.

Dealz Retailing Ireland Limited's registered address is: Unit 3, West End Retail Park, Blanchardstown, Dublin 15, Republic of Ireland.

6 Trade and other payables

	30 September 2018 £000	1 October 2017 £000
Amounts owed to Group undertakings	56	56

Amounts owed to group undertakings in both periods are unsecured, interest free and repayable on demand

7 Share capital

	30 September 2018 £000	1 October 2017 £000
<i>Authorised, allotted, called up and fully paid</i> 2 ordinary share of 5.5p each	-	-

As part of the restructure, Poundland Group Limited increased its investments in subsidiaries by £113 million and issued one ordinary 1p share at a premium of £113 million.

8 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.

9 Ultimate parent company

The Company is a direct subsidiary undertaking of Poundland Group Limited and an indirect subsidiary of Pepkor Europe Limited which are both registered in England and Wales. Poundland Group Limited's registered address is Wellmans Road, Willenhall, WV13 2QT.

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

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.

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

10 Events subsequent to the reporting date

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.