

# **Relyon (Holdings) Limited**

## **Directors' report and financial statements**

**Year ended 30 June 2003**

Registered number 54380



# **Relyon (Holdings) Limited**

Year ended 30 June 2003

## Directors' report and financial statements

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# **Relyon (Holdings) Limited**

Year ended 30 June 2003

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 30 June 2003.

## **Principal activity**

The principal activity of the company was the provision of group services, and no significant changes occurred during the period.

## **Business review**

The company's results were in line with expectations and the directors view the future with confidence.

## **Dividend**

The directors recommend a final dividend of £1,740,000 (2001/2: £1,459,800) which, taken together with the interim dividend paid of £nil (2001/2: £2,012,200, would make a total distribution of £1,740,000 (2001/2: £3,472,000).

## **Directors and directors' interests**

The directors who held office during the period were as follows:-

IM Topping

DR Shaw

Neither of the directors who held office at the end of the period had a beneficial interest in the share capital of the company or any other Steinhoff Group company within the UK.

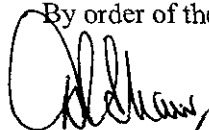
No director had a beneficial interest in the ordinary share capital of Steinhoff International Holdings Limited, the ultimate parent company.

No director had a financial interest in any contract to which the parent company or a subsidiary was a party during the financial year.

## **Auditors**

In accordance with S.385 of the Companies Act 1985, a resolution for the re-appointment of Deloitte & Touche as auditors of the company at a fee to be fixed by the directors is to be proposed at the Annual General Meeting. Deloitte & Touche have informed the directors that they are intending to transfer their business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be known as Deloitte & Touche LLP. It is the current intention of the directors to use the company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time.

By order of the board



**DR Shaw**  
Director

# **Relyon (Holdings) Limited**

Year ended 30 June 2003

## **Statement of directors' responsibilities**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 a going concern basis unless it is not appropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

# **Relyon (Holdings) Limited**

Year ended 30 June 2003

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RELYON (HOLDINGS) LIMITED**

We have audited the financial statements of Relyon (Holdings) Limited for the year ended 30 June 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2003 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

### **DELOITTE & TOUCHE**

Chartered Accountants and Registered Auditors  
Bristol

Date *25 July 2003*

# Relyon (Holdings) Limited

Year ended 30 June 2003

## Profit and loss account

for the year ended 30 June 2003

	Note	For the year ended 30 June 2003 £000	For the 18 month period ended 30 June 2002 £000
Net operating income	2	33	3
<b>Operating profit – continuing operations</b>	3	33	3
Income from shares in group undertakings		1,720	3,472
Exceptional expenditure	4	-	(977)
<b>Profit on ordinary activities before interest and taxation</b>		1,753	2,498
Net interest receivable		-	2
<b>Profit on ordinary activities before taxation</b>		1,753	2,500
Tax on profit on ordinary activities	7	(19)	26
<b>Profit for the financial period</b>		1,734	2,526
Dividends			
Paid		-	(2,012)
Proposed		(1,740)	(1,460)
<b>Retained loss for the financial period</b>	14	(6)	(946)

There were no recognised gains or losses other than those reported above.

A reconciliation of movements in shareholders' funds is shown in note 15 to the financial statements.

# **Relyon (Holdings) Limited**

Year ended 30 June 2003

## **Note of historical cost profits and losses** *for the year ended 30 June 2003*

	<b>For the year ended 30 June 2003 £000</b>	<b>For the 18 month period ended 30 June 2002 £000</b>
Profit before taxation	<b>1,753</b>	2,500
Difference between historical cost depreciation and actual depreciation	<u>7</u>	<u>10</u>
Historical cost profit before taxation	<u><b>1,760</b></u>	<u>2,510</u>
Historical cost profit /(loss) retained after taxation and dividends	<u><b>1</b></u>	<u>(936)</u>

# Relyon (Holdings) Limited

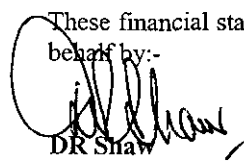
Year ended 30 June 2003

## Balance sheet

as at 30 June 2003

	Note	£000	As at 30 June 2003 £000	As at 30 June 2002 £000
<b>Fixed assets</b>				
Tangible assets	8		6,051	6,075
Investments	9		10,375	10,375
			<u>16,426</u>	<u>16,450</u>
<b>Current assets</b>				
Debtors	10			
Due after more than one year		3,250		2,401
Due within one year		1,962		1,665
		<u>5,212</u>		<u>4,066</u>
Cash at bank and in hand		268		20
		<u>5,480</u>		<u>4,086</u>
<b>Creditors: amounts falling due within one year</b>	11	1,960		1,663
<b>Net current assets</b>			<u>3,520</u>	<u>2,423</u>
<b>Total assets less current liabilities</b>			<u>19,946</u>	<u>18,873</u>
<b>Creditors: amounts falling due after more than one year</b>				
Amounts owed to group undertakings			8,000	6,964
<b>Provisions for liabilities and charges</b>	12		<u>417</u>	<u>374</u>
<b>Net assets</b>			<u>11,529</u>	<u>11,535</u>
<b>Capital and reserves</b>				
Called up share capital	13		3,725	3,725
Share premium	14		50	50
Merger reserve	14		6,650	6,650
Revaluation reserve	14		415	422
Profit and loss account	14		<u>689</u>	<u>688</u>
<b>Equity shareholders' funds</b>	15		<u>11,529</u>	<u>11,535</u>

These financial statements were approved by the board of directors on 24 July 2003 and were signed on its behalf by:-

  
DR Shaw  
Director

The attached notes form part of these financial statements.

# Relyon (Holdings) Limited

Year ended 30 June 2003

## Notes

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and comply with applicable UK accounting standards.

#### *Fixed assets and depreciation*

Fixed assets are shown at cost less appropriate depreciation. Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives within the following ranges:-

Freehold buildings	-	50 years
Long leasehold land and buildings	-	50 years
Plant and equipment	-	10 years
Fixtures and fittings	-	3 to 5 years

No depreciation is provided on freehold land.

#### *Taxation*

The charge for taxation is based on the profit for the period and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes.

In accordance with FRS 19, deferred taxation is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising on unremitted earnings of subsidiaries, associates and joint ventures where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### *Cash flow statement*

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

#### *Group accounts*

Group accounts are not submitted as the company is a wholly owned subsidiary undertaking of Relyon Group Limited, a company incorporated in Great Britain and registered in England and Wales. Accordingly these accounts present information about the company as an individual undertaking and not about its group.

#### *Related party transactions*

In accordance with FRS 8, the company is exempt from disclosure of related party transactions with other group companies as the company is wholly owned and consolidated report and accounts are prepared by the ultimate holding company.

# Relyon (Holdings) Limited

Year ended 30 June 2003

Notes (continued)

## 2 Net operating income

	For the year ended 30 June 2003 £000	For the 18 month period ended 30 June 2002 £000
Net operating income is made up as follows:-		
Administrative expenses	(591)	(980)
Other operating income	<u>624</u>	<u>983</u>
	<u>33</u>	<u>3</u>

## 3 Operating profit

	For the year ended 30 June 2003 £000	For the 18 month period ended 30 June 2002 £000
Operating profit is stated after charging:-		
Depreciation	193	261
Property rentals	196	298
Auditors' remuneration and expenses for audit work	<u>1</u>	<u>1</u>

## 4 Exceptional expenditure

During the period ended 30 June 2002 the business, assets and liabilities of subsidiary company Deptich Designs Limited were transferred at book value to fellow group subsidiary Relyon Limited. A residual liability to the company of £877,000 resulted from the finalisation of this transfer. During that period the decision was taken to cancel the outstanding debt owing by Deptich Designs Limited and to write off the investment of £100,000 in that company. The resultant exceptional loss arising was therefore £977,000. There was no exceptional expenditure for the year ended 30 June 2003.

## 5 Remuneration of directors

The emoluments of Messrs Topping and Shaw were paid by Relyon Group Limited. It is not practicable to split their remuneration between their services to group companies. Details of their remuneration are included in the financial statements of Relyon Group Limited

## 6 Staff costs

The company has no employees (2001/2 : Nil).

# Relyon (Holdings) Limited

Year ended 30 June 2003

Notes (continued)

## 7 Taxation

	For the year ended 30 June 2003 £000	For the 18 month period ended 30 June 2002 £000
<i>Analysis of charge in period</i>		
UK corporation tax:-		
Current tax on income for the period	(24)	(54)
Adjustment in respect of prior periods	-	(44)
Total current tax	(24)	(98)
Deferred tax:-		
Origination and reversal of timing differences	45	-
Adjustment in respect of prior periods	(2)	-
Total deferred tax	43	-
Tax on profit on ordinary activities	19	(26)

The above figures have been restated for the adoption of FRS19.

### *Factors affecting the tax charge for the current period*

The current tax charge for the period differs from the standard rate of corporation tax in the UK (30 %, 2001/2: 30%). The differences are explained below:-

Current tax reconciliation:-		
Profit on ordinary activities before tax	1,753	2,500
Current tax at 30% (2001/2: 30%)	526	750
Effects of :-		
Expenses not deductible for tax purposes	11	310
Capital allowances for period in excess of depreciation	(45)	(72)
Non-taxable income	(516)	(1,042)
Adjustment in respect of prior periods	-	(44)
Total current tax	(24)	(98)

### *Factors that may affect future tax charges*

The company is not currently aware of any factors which may materially affect the effective rate of tax going forward other than the existing reconciling items.

# Relyon (Holdings) Limited

Year ended 30 June 2003

Notes (continued)

## 8 Tangible fixed assets

	Freehold land & buildings £000	Long leasehold land & buildings £000	Plant & machinery £000	Fixtures & fittings £000	Total £000
<b>Cost</b>					
At 1 July 2002	5,759	740	168	759	7,426
Additions	8	-	11	150	169
At 30 June 2003	<u>5,767</u>	<u>740</u>	<u>179</u>	<u>909</u>	<u>7,595</u>
<b>Depreciation</b>					
At 1 July 2002	506	75	90	680	1,351
Charge for period	107	15	12	59	193
At 30 June 2003	<u>613</u>	<u>90</u>	<u>102</u>	<u>739</u>	<u>1,544</u>
<b>Net book value</b>					
At 30 June 2003	<u>5,154</u>	<u>650</u>	<u>77</u>	<u>170</u>	<u>6,051</u>
At 30 June 2002	<u>5,253</u>	<u>665</u>	<u>78</u>	<u>79</u>	<u>6,075</u>

Freehold land and buildings includes land with a cost of £393,000 (2001/2: £393,000) which is not depreciated.

The assets which have been revalued comprise the following:-

	As at 30 June 2003 £000	As at 30 June 2002 £000
<b>Freehold land and buildings</b>		
At 1995 professional valuations	2,500	2,500
Aggregate depreciation thereon	<u>(346)</u>	<u>(300)</u>
Net book value	<u>2,154</u>	<u>2,200</u>
Historical cost of revalued assets	2,159	2,159
Aggregate depreciation based on historical cost	<u>(420)</u>	<u>(381)</u>
Historical net book value	<u>1,739</u>	<u>1,778</u>

The professional valuation was carried out by Edwin Hill, Chartered Surveyors, on the basis of open market value for existing use.

Under the transitional rules of FRS15, the revalued assets are held at a previous valuation and are not revalued annually.

# Relyon (Holdings) Limited

Year ended 30 June 2003

Notes (continued)

## 9 Investments

	As at 30 June 2003 £000	As at 30 June 2002 £000
Relyon Limited	6,000	6,000
Pritex Limited	4,375	4,375
	<u>10,375</u>	<u>10,375</u>

The above shareholdings represent 100% of the issued share capital of the companies.  
The subsidiaries are incorporated in Great Britain and registered in England and Wales.

## 10 Debtors

	As at 30 June 2003 £000	As at 30 June 2002 £000
<i>Due within one year:</i>		
Amounts owed by group undertakings	142	91
Corporation tax	24	-
Other debtors	13	16
Prepayments and accrued income	63	98
Dividends receivable	1,720	1,460
	<u>1,962</u>	<u>1,665</u>
<i>Due after more than one year:</i>		
Amounts owed by group undertakings	3,250	2,401
	<u>5,212</u>	<u>4,066</u>

## 11 Creditors: amounts falling due within one year

	As at 30 June 2003 £000	As at 30 June 2002 £000
Trade creditors	70	94
Amounts owed to group undertakings	150	109
Dividends payable	1,740	1,460
	<u>1,960</u>	<u>1,663</u>

# Relyon (Holdings) Limited

Year ended 30 June 2003

Notes (continued)

## 12 Provisions for liabilities and charges

	As at 30 June 2003 £000	As at 30 June 2002 £000
<b>Deferred tax</b>		
At beginning of period	374	302
Charged in the period	43	72
At end of period	417	374

The elements of deferred taxation are as follows:-

Accelerated capital allowances	417	374
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Revalued assets are not subject to continual revaluation and the company has not entered into any binding contract to dispose of any revalued assets, therefore in accordance with the provisions of FRS19, deferred tax has not been provided on the revalued amounts.

## 13 Share capital

	As at 30 June 2003 £000	As at 30 June 2002 £000
<b>Authorised:</b>		
4,000,000 (2001/2: 4,000,000) ordinary shares of £1 each	4,000	4,000
<b>Allotted and fully paid:</b>		
3,725,000 (2001/2: 3,725,000) ordinary shares of £1 each	3,725	3,725

## 14 Reserves

	Share premium £000	Merger reserve £000	Revaluation reserve £000	Profit and loss account £000
At 30 June 2002	50	6,650	422	688
Transfer from revaluation reserve	-	-	(7)	7
Retained profit for the period	-	-	-	(6)
At 30 June 2003	50	6,650	415	689

# Relyon (Holdings) Limited

Year ended 30 June 2003

Notes (continued)

## 15 Reconciliation of movements in shareholders' funds

	For the year ended 30 June 2003 £000	For the 18 month period ended 30 June 2002 £000
Total recognised gains for the period	1,734	2,526
Dividends	(1,740)	(3,472)
Net movement in shareholders' funds	(6)	(946)
Opening shareholders' funds	11,535	12,481
Closing shareholders' funds	11,529	11,535

## 16 Contingent liabilities

The company has entered into a composite cross guarantee with the other companies in the Steinhoff UK Beds Group to guarantee the group's overdrafts. As at 30 June 2003 there was no exposure under this cross guarantee and the maximum potential liability is limited to £1,000,000.

## 17 Lease commitments

The company is committed to make payments during the next twelve months under property related operating leases expiring:-

	As at 30 June 2003 £000	As at 30 June 2002 £000
Within one year	57	-
Between two and five years	64	162
After five years	30	30
	151	192

## 18 Ultimate holding company and controlling party

The company is controlled by Relyon Group Limited, the intermediate holding company. The ultimate controlling party is Steinhoff International Holdings Limited, the ultimate holding company.

The largest group in which the results of the company are consolidated is that headed by Steinhoff International Holdings Limited. The consolidated accounts of this company are available to the public and may be obtained from Steinhoff International Holdings Limited, 28, Sixth Street, Wynberg, Sandton 2090, Republic of South Africa, a company incorporated in The Republic of South Africa. The smallest group in which the results of the company are consolidated is headed by Steinhoff UK Beds Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of these consolidated accounts are not directly available to the public.