

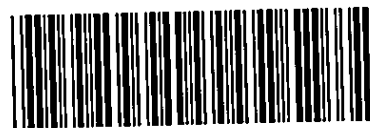
Relyon (Holdings) Limited

Directors' report and financial statements

Year ended 30 June 2008

Registered number 54380

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Relyon (Holdings) Limited

Year ended 30 June 2008

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	3
Statement of directors' responsibilities	5
Independent auditors' report	6
Income statement	8
Balance sheet	9
Cash flow statement	10
Notes	11

Relyon (Holdings) Limited

Year ended 30 June 2008

Directors' report

Relyon (Holdings) Limited is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Steinhoff UK Business Park, Northway Lane, Ashchurch, Tewkesbury, GL20 8GY, England.

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors report, for the year ended 30 June 2008.

The company is a wholly owned subsidiary of Alvaglen Estates Limited who purchased the company from Relyon Group Limited during the year. The ultimate parent company is Steinhoff International Holdings Limited.

Results and dividends

As shown in the company's income statement on page 8, the company's profit before tax has increased to £5,397,000 (2007: £2,671,000). The directors declared a dividend of £11,901,000 (2007: £2,500,000).

Principal activity and business review

The company's principal activity is that of a property company. The company was previously part of the Steinhoff UK group and was also an investment company. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

During the year the Steinhoff UK group was reorganised and the company sold all its investments in subsidiary undertakings to other group companies as shown in note 8 to the financial statements.

The company's income is primarily from transactions with the Steinhoff UK group and the key performance indicators are turnover, profit before tax and net assets.

Turnover is in line with the previous years levels at £1,077,000 (2007: £1,088,000). Dividends received from subsidiary undertakings were £5,251,000 (2007: £2,600,000), resulting in an increased profit before tax of £5,397,000 (2007: £2,671,000).

The company's net assets reduced from £15,825,000 to £9,280,000 as a result of the profit for the year less dividends paid.

Post balance sheet events

In terms of an agreement entered in to between Alvaglen Estates Limited, the Steinhoff UK group, and the company on the date of transfer of the shares from Relyon Group Limited, the company agreed to take responsibility for any liability that may crystallise in respect of privity properties and guarantees granted by the Steinhoff UK Holdings group, in exchange for the right to market and exploit these properties for its own account.

Subsequent to the year end a number of properties have reverted back to the company and it is estimated that this will result in increased costs (net of rentals receivable) of approximately £2 million in the year ending 30 June 2009 arising from a shortfall of rental income. See note 19 to the financial statements for further details.

Directors

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

S Grobler (appointed 12 May 2009)

S Schmidt (appointed 12 May 2009)

I M Topping (resigned 12 May 2009)

D R Shaw (resigned 3 December 2007)

P Dieperink (appointed 3 December 2007, resigned 12 May 2009)

Relyon (Holdings) Limited

Year ended 30 June 2008

Directors' Report (continued)

Directors' indemnities

The Steinhoff International Group has made qualifying third party indemnity provisions for the benefit of the directors of the company which were in place through out the year and remain in force at the date of this report.

Risks and uncertainties

The directors acknowledge that, during the normal course of business, there are a number of potential risks and uncertainties, which could have a material impact on the company's long-term performance and could cause actual results to differ materially from expected and historical results.

The company's source of income is primarily from rental income from group undertakings and is therefore seen as low risk.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review. The financial position of the company, its cash flows, and liquidity position are described in the financial statements. In addition, note 18 to the financial statements includes the company's objectives, policies and processes for managing its financial risk, and its exposures to credit risk and liquidity risk.

It is envisaged that the company will incur losses in the financial year ended 30 June 2009 as a consequence of certain guarantees and privity properties that have reverted to the company subsequent to the 30 June 2008. The company is actively marketing these properties, with some success, notwithstanding the tough market conditions. The Steinhoff group will provide financial support to enable the company to continue its business operations as a going concern.

Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP.

By order of the board



Director

Relyon (Holdings) Limited

Year ended 30 June 2008

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

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

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Relyon (Holdings) Limited

Year ended 30 June 2008

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

We have audited the financial statements (the "financial statements") of Relyon (Holdings) Ltd for the year ended 30 June 2008, which comprise the income statement, balance sheet, cash flow statement and the related notes 1 to 19. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Relyon (Holdings) Limited

Year ended 30 June 2008

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

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, in accordance with IFRSs as adopted for use in the European Union as applied in accordance with the requirements of the Companies Act 1985, of the state of the individual company's affairs as at 30 June 2008, and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



DELOITTE LLP

Chartered Accountants and Registered Auditors

Bristol, United Kingdom

14 July 2009

Relyon (Holdings) Limited

Year ended 30 June 2008

Income statement

Continuing operations		2008 £000	2007 £000
	<i>Note</i>		
Revenue		1,077	1,088
Administrative expenses		<u>(942)</u>	<u>(921)</u>
Operating profit		135	167
Investment revenue	4	5,263	2,505
Finance costs	4	<u>(1)</u>	<u>(1)</u>
Profit before taxation	2	5,397	2,671
Tax (charge)/credit	5	<u>(41)</u>	<u>104</u>
Profit for the year attributable to equity holders		<u>5,356</u>	<u>2,775</u>

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

Relyon (Holdings) Limited

Year ended 30 June 2008

Balance sheet

	<i>Note</i>	2008 £000	2007 £000
Non-current assets			
Property, plant and equipment	7	12,329	12,272
Amounts owed by group undertakings		-	8,245
Investment in subsidiaries	8	-	10,475
		12,329	30,992
Current assets			
Current tax assets		5	8
Trade and other receivables	9	777	665
Dividends receivable		-	1,600
Cash and cash equivalents		278	48
		1,060	2,321
Total assets		13,389	33,313
Current liabilities			
Trade and other payables	10	1,914	341
Obligations under finance leases	11	2	7
Dividends payable		-	1,445
		1,916	1,793
Non-current liabilities			
Amounts owing to group undertakings		-	13,545
Deferred tax liabilities	12	2,193	2,147
Obligations under finance leases	11	-	3
		2,193	15,695
Net assets		9,280	15,825
EQUITY			
Share capital	13	3,725	3,725
Share premium	14	50	50
Merger reserve	14	-	6,650
Revaluation reserves	14	5,191	5,191
Retained earnings	14	314	209
Equity shareholder's funds		9,280	15,825

These financial statements were approved by the board of directors and authorised for issue on **2nd July 2009**
They were signed on its behalf by:

Director



Relyon (Holdings) Limited

Year ended 30 June 2008

Cash flow statement

	<i>Note</i>	2008 £000	2007 £000
Net cash from operating activities	15	405	265
Investing activities			
Interest received		12	5
Dividends received from subsidiaries		6,851	2,760
Movement in loans to group undertakings		(4,032)	(475)
Disposal of subsidiary companies		10,475	-
Proceeds on disposal of property, plant and equipment		-	9
Purchases of property, plant and equipment		(126)	(129)
Net cash from investing activities		13,180	2,170
Financing activities			
Interest paid		(1)	(1)
Dividends paid		(13,346)	(2,915)
Movement in borrowings from group undertakings		-	430
Repayments of obligations under finance leases		(8)	(7)
Net cash used in financing activities		(13,355)	(2,493)
Net increase/(decrease) in cash and cash equivalents		230	(58)
Cash and cash equivalents at beginning of year		48	106
Cash and cash equivalents at end of year		278	48

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes

1 Significant accounting policies

Basis of accounting

The financial statements of the company are presented as required by the Companies Act 1985. As permitted by that Act, they have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties. The principal accounting policies adopted are set out below.

Revenue recognition

Revenue is attributable to the company's principal activity, which is that of a property company operating within in the United Kingdom. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leasing commitments

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Borrowing costs

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

Operating profit

Operating profit is stated before investment revenue and finance costs.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

1 Significant accounting policies (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their deemed cost, being the fair value at the date of transition to IFRSs less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve.

On the subsequent sale of a property, the attributable revaluation surplus remaining in the properties' revaluation reserve is transferred directly to accumulated profits.

Fixtures and fittings are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Tangible assets

Leasehold land and buildings	Length of lease
Fixtures and fittings	6.67% to 33.33%

Where the estimated residual value of freehold buildings exceeds their present carrying value, depreciation is not charged.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in operating expenses.

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

1 Significant accounting policies (continued)

Impairment of tangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments

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

Financial instruments

In the current period, the company has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendment to IAS 1 Presentation of Financial Statements. The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the company's financial instruments and management of capital (see note 18).

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Derivative financial instruments

The company does not enter in to derivative financial instruments. All transactions are in sterling so there is no exposure to foreign currency risk.

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

1 Significant accounting policies (continued)

Financial assets

The financial assets are loans and receivables.

Financial assets - Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost less impairment.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The company now includes unpresented cheques in trade payables and uncleared lodgements in trade receivables, where as in the prior period these amounts were included in cash and cash equivalents. The prior year balances have not been restated due to the immaterial nature of this change in policy.

Financial instruments issued by the company

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Other financial liabilities

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

1 Significant accounting policies (continued)

Future developments

The following standards and interpretations have been issued but were not effective at 30 June 2008 and have not been applied in preparing these financial statements:

- IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly-Controlled Entity, or Associate
- IAS 1 Presentation of Financial Statements (revised September 2007)
- IAS 23 Borrowing Costs (revised March 2007)

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the company's financial statements in the period of initial application.

2 Profit before taxation

	2008	2007
Profit before taxation is stated after charging/(crediting):	£000	£000
Depreciation of property, plant and equipment	69	58
Profit on disposal of property, plant and equipment	-	(9)
Operating lease income from group undertakings	(1,077)	(1,088)
Operating lease costs – land and buildings	67	74
Operating lease costs - other	21	17
Auditors' remuneration for audit services	<u>1</u>	<u>1</u>

3 Staff costs

The company has no employees or staff costs during the year (2007:same).

Remuneration of key management personnel

The directors are the key management personnel of the company. The emoluments of Messrs Topping, Shaw and Dieperink were paid by fellow subsidiaries Relyon Group Limited and Homestyle Operations 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 these companies.

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

4 Investment revenue and finance costs

	2008 £000	2007 £000
<i>Investment revenue:</i>		
Interest on bank deposits	12	5
Dividends received and receivable	5,251	2,500
	<u>5,263</u>	<u>2,505</u>
<i>Finance costs:</i>		
Finance charges on leases and hire purchase contracts	1	1
	<u>1</u>	<u>1</u>

5 Taxation

	2008 £000	2007 £000
<i>Analysis of charge/(credit) in year</i>		
UK corporation tax:		
Current tax credit on income for the year	(5)	(8)
UK deferred tax (see note 12):		
Origination and reversal of timing differences	46	(96)
Tax charge/(credit) on profit on ordinary activities	<u>41</u>	<u>(104)</u>

Factors affecting the tax charge/(credit) for the current year

The current tax charge for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

Current tax reconciliation:		
Profit on ordinary activities before tax	5,397	2,671
Current tax at 29.5% (2007: 30%)	1,592	801
Effects of:		
Expenses not deductible for tax purposes	-	(3)
Capital allowances for year in excess of depreciation	(46)	(58)
Non-taxable income	(1,549)	(750)
Other deferred tax movements	(3)	-
Adjustments to tax charge in respect of previous periods	1	2
Total current tax	<u>(5)</u>	<u>(8)</u>

For the year ended 30 June 2008, the blended UK rate of 29.5% is applied due to the change in the UK corporation tax rate from 30% to 28% with effect from 1 April 2008.

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

6 Dividends

	Year ended 2008 £000	Year ended 2007 £000
Amounts recognised as distributions to equity holders during the year:		
Interim dividend of 141.0p (2007 : 28.3p) per ordinary £1 share	5,251	1,055
Final dividend of £178.5p (2007 : 38.8p) per ordinary £1 share	6,650	1,445
	11,901	2,500

7 Property, plant and equipment

	Freehold land and buildings £000	Long leasehold land and buildings £000	Fixtures & fittings £000	Total £000
<i>Cost</i>				
At 1 July 2007	11,474	740	1,286	13,500
Additions	61	-	65	126
Disposals	-	-	(458)	(458)
At 30 June 2008	11,535	740	893	13,168
<i>Depreciation</i>				
At 1 July 2007	-	137	1,091	1,228
Charge for year	-	9	60	69
Disposals	-	-	(458)	(458)
At 30 June 2008	-	146	693	839
<i>Net book value</i>				
At 30 June 2008	11,535	594	200	12,329
At 30 June 2007	11,474	603	195	12,272

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

7 Property, plant and equipment (continued)

	Freehold land and buildings £000	Long leasehold land and buildings £000	Fixtures & fittings £000	Total £000
<i>Cost</i>				
At 1 July 2006	11,420	740	1,269	13,429
Additions	54	-	75	129
Disposals	-	-	(58)	(58)
At 30 June 2007	11,474	740	1,286	13,500
<i>Depreciation</i>				
At 1 July 2006	-	129	1,099	1,228
Charge for year	-	8	50	58
Disposals	-	-	(58)	(58)
At 30 June 2007	-	137	1,091	1,228
<i>Net book value</i>				
At 30 June 2007	11,474	603	195	12,272
At 30 June 2006	11,420	611	170	12,201

Depreciation has not been charged on freehold buildings in the year ended 30 June 2008 (2007: £nil) on the grounds that the estimated residual value of the assets exceeds their present carrying value.

Assets held under finance leases and hire purchase contracts originally cost £39,600 (2007: £39,600). Accumulated depreciation at the year end amounted to £38,385 (2007: £28,002) resulting in a net book value of £1,215 (2007: £11,598).

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

8 Investments

	30 June 2008 £000	30 June 2007 £000
At the start of the year	10,475	10,475
Disposals	(10,475)	-
At the end of the year	-	10,475

Details of the company's principal subsidiaries are as follows

Name	Proportion of ownership interest at 30 June 2008	Proportion of ownership interest at 30 June 2007
Relyon Limited	Nil	100%
Pritex Limited	Nil	100%
Springtex Limited (formerly Sprung Slumber Limited)	Nil	100%
Steinhoff UK Upholstery Limited	Nil	100%

All the subsidiary undertakings were held directly by Relyon (Holdings) Ltd and were disposed of to other group companies during the year. They are incorporated in England & Wales.

Investments which are not significant have been omitted.

9 Receivables

	2008 £000	2007 £000
Prepayments and accrued income	233	423
Other receivables	1	24
Amounts owed by group undertakings	543	218
Total receivables	777	665

There is no provision against receivables. The directors assess the ability of group undertakings to repay amounts due and consider there to be no significant credit risk arising. Receivables are all due within three months of the balance sheet date.

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

10 Trade and other payables

	2008 £000	2007 £000
Trade payables	3	22
Amounts owed to group undertakings	1,911	318
Accruals and deferred income	-	1
	<u>1,914</u>	<u>341</u>

11 Obligations under hire purchase contracts and operating leases

Amounts due under finance leases and hire purchase contracts are analysed as follows:

	2008 £000	2007 £000
Amounts payable within one year	3	8
Less: finance charges allocated to future periods	(1)	(1)
	<u>2</u>	<u>7</u>

Amounts payable between two and five years	-	3
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The amounts outstanding under finance leases and hire purchase contracts are secured on the assets concerned.

Commitments under non-cancellable operating leases

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2008 £000	Other 2008 £000	Land and buildings 2007 £000	Other 2007 £000
Within one year	67	14	67	21
Between two and five years	157	24	193	57
In over five years	1,885	-	1,915	-
	<u>2,109</u>	<u>38</u>	<u>2,175</u>	<u>78</u>

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

12 Deferred tax liabilities

	2008 £000	2007 £000
At 1 July	2,147	2,243
Charge/(credit) in year	46	(96)
At 30 June	2,193	2,147

The elements of deferred taxation are as follows:

	2008 £000	2007 £000
Accelerated capital allowances	600	554
Revaluation of properties	1,593	1,593
	2,193	2,147

13 Share capital

	2008 £000	2007 £000
Authorised: 4,000,000 (2007: 4,000,000) ordinary shares of £1 each	4,000	4,000
Allotted, called up and fully paid: 3,725,000 (2007: 3,725,000) ordinary shares of £1 each	3,725	3,725

14 Reserves

	Share premium £000	Merger Reserve £000	Revaluation Reserves £000	Retained earnings £000
At 1 July 2006	50	6,650	5,191	(66)
Profit for the financial year	-	-	-	2,775
Dividends (note 6)	-	-	-	(2,500)
At 1 July 2007	50	6,650	5,191	209
Profit for the financial year	-	-	-	5,356
Transfers	-	(6,650)	-	6,650
Dividends paid (note 6)	-	-	-	(11,901)
At 30 June 2008	50	-	5,191	314

The merger reserve arose on acquisition of Relyon Limited and Pritex Limited. This has been transferred to the profit and loss account following the disposal of these investments.

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

15 Notes to the cash flow statement

	2008 £000	2007 £000
Operating profit	135	167
Adjustments for:		
Depreciation of property, plant and equipment	69	58
Profit on disposal of property, plant and equipment	-	(9)
Operating cash flows before movements in working capital	204	216
Decrease/(increase) in receivables excluding intercompany	213	(241)
(Decrease)/increase in payables excluding intercompany	(20)	258
Cash generated by operations	397	233
Taxes received	8	32
Net cash from operating activities	405	265

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

16 Related party transactions

	Year to 30 June 2008		As at 30 June 2008			
	Income £000	Expenditure £000	Current		Non-current	
			Amounts owing £000	Amounts owed £000	Amounts owing £000	Amounts owed £000
Parent company	-	-	-	-	-	-
Other Steinhoff companies	1,077	698	1,911	543	-	-
Total	1,077	698	1,911	543	-	-

	Year to 30 June 2007		As at 30 June 2007			
	Income £000	Expenditure £000	Current		Non-current	
			Amounts owing £000	Amounts owed £000	Amounts owing £000	Amounts owed £000
Parent company	-	-	-	-	-	-
Other Steinhoff companies	1,524	1,186	318	218	13,545	8,245
Total	1,524	1,186	318	218	13,545	8,245

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

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

17 Ultimate holding company and controlling party

The company is a wholly owned subsidiary of Alvaglen Estates Ltd which purchased the company from Relyon Group Limited during the year. Alvaglen Estates Limited is a company incorporated in the Bahamas.

The ultimate controlling party is Steinhoff International Holdings Limited, a company incorporated in The Republic of South Africa.

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

18 Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policy note.

Categories of financial instruments	2008 £000	2007 £000
Financial assets at amortised cost		
Non current assets – amounts owed by group undertakings	-	8,245
Cash	278	48
Dividends receivable	-	1,600
Other receivables	544	242
	822	10,135
Financial liabilities at amortised cost		
Non current liabilities – amounts owed to group undertakings	-	13,545
Dividends payable	-	1,445
Trade and other payables	1,914	341
	1,914	15,331

The amount included in non current liabilities owed to group undertakings at 30 June 2007 was repayable in more than one year from the balance sheet date. All other financial liabilities in both years are repayable within twelve months of the balance sheet date.

Financial Risk Management Objectives

The directors are responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively, embedding a risk culture throughout the company. The board and the audit and risk management committee are provided with a consolidated view of the risk profile of the company and its subsidiaries. All major exposures are identified and mitigating controls are identified and implemented.

Regular management reporting and assessment of the effectiveness of controls by internal audit provide a balanced assessment of the effectiveness of key risks and controls.

The company and its subsidiaries do not speculate with derivatives or other financial instruments. The central finance function communicates with operating divisions and consolidates the company's requirements. It plays a role in the identification and management of the following risks: interest rate risk, credit risk and liquidity risk.

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

18 Financial instruments (continued)

Market Risk

The company's activities expose it primarily to the financial risks of changes in interest rates. Cash resources are matched with the net funding requirements sourced from three sources namely internally generated funds, the company facilities, and group resources. The company only operates in the United Kingdom and all transactions are in sterling so has no exposure to changes in foreign currency exchange rates.

During the course of the year there has been no change to the market risk or manner in which the company manages its exposure.

Interest Rate Risk Management

The company manages interest rate risk centrally through its central treasury. All interest bearing assets and liabilities of the company are at variable rates of interest and are structured to achieve a competitive market related cost of funding.

At the reporting date, if interest rates had been 50 basis points lower and all other variables were held constant, the company's net profit would decrease by £1,000 (2007 decrease by £500), this is attributable to the company's exposure to interest rates on its bank deposits.

Credit Risk Management

Potential concentration of credit risk consist principally of short-term cash and cash equivalent investments, and amounts owed by group undertakings. The company deposits short-term cash surpluses with the same bank granting the overdraft facility. The ability of group undertakings to repay amounts due is assessed.

At 30 June 2008, the company did not consider there to be any other significant concentration of credit risk which had not been adequately provided for.

Liquidity Risk Management

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

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

Fair values

The fair values of the company's receivables, cash and cash equivalents, and payables are assumed to approximate to their book value.

Relyon (Holdings) Limited

Year ended 30 June 2008

Notes (continued)

19 Post balance sheet events

In terms of an agreement concluded with the Steinhoff UK Holdings group, subsequent to the year end, the company incurred certain financial commitments under operating leases for land and buildings. Relyon Holdings Limited has assumed all benefits and obligations associated with these leases.

The company is exposed to potential liabilities in respect of guarantees and privity properties. The directors expect the reversion of these properties will result in an increase in costs (net of rentals receivable) of approximately £2 million in the year to 30 June 2009, though at the time of writing this report the impact of this can not be reliably assessed as work is ongoing to sublet these properties. New tenants are to be found for these properties where possible from both within and outside the Steinhoff group.