

Company Registration No 54380 (England and Wales)

RELYON (HOLDINGS) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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RELYON (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	Mr S Schmidt	(Appointed 12 May 2009)
	Mr S Grobler	(Appointed 12 May 2009)

Company number	54380
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Registered office	Steinhoff House Formal Industrial Park Northway Lane Tewkesbury GL20 8GY
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Auditors	Leonard Wilson & Co Colinton House Leicester Road Bedworth Warwickshire CV12 8AB
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RELYON (HOLDINGS) LIMITED

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RELYON (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

The directors present their report and financial statements for the year ended 30 June 2009

The company is a wholly owned subsidiary of Alvaglen Estates Limited. The ultimate parent company is Steinhoff International Holdings Limited.

Principal activities and review of the business

The principal activity of the company continued to be that of a property 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.

The company's income is primarily from transactions related to property investment and its single largest customer is the Steinhoff UK group.

The key performance indicators are operating profit from the company's principal activity before tax and net assets. The operating profit from the company's principal activity before tax amounted to £77,177 compared to the £135,198 in the previous year. The company's net assets have increased from £9,280,188 in 2008 to £10,090,558 in 2009 as a result in the deferred tax provision being reduced due to changes in tax legislation.

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. The directors acknowledge their responsibility to implement a risk strategy to ensure that an appropriate risk framework is operating effectively.

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

The company has financial commitments in respect of certain guarantees and privity properties that have reverted back to the company during the year. The potential liabilities for the company in respect of these operating leases amounts to approximately £4.5 million for the next twelve months unless new tenants are found for these properties.

It is likely that the company will incur additional costs in the financial year ended 30 June 2010 as a consequence of these certain guarantees and privity properties that have reverted to the company in 2009. The company is actively marketing these properties with success notwithstanding the extreme difficult market conditions. The Steinhoff group will provide the necessary support to enable the company to continue its business operations as a going concern.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Future developments

The company's business activities together with the factors likely to affect its future development are set out in the business review and in the assessment of the company's risks and uncertainties in this report. At the date of this report the directors have no further plans to carry out other business activities other than the company's current principal activity.

RELYON (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

Directors

The following directors have held office since 1 July 2008

Mr S Schmidt	(Appointed 12 May 2009)
Mr S Grobler	(Appointed 12 May 2009)
Mr P Dieperink	(Resigned 12 May 2009)
Mr I Topping	(Resigned 12 May 2009)

Financial instruments

Financial instruments

Financial assets and liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. The company does not enter into derivative financial instruments.

Liquidity risk

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.

Interest rate risk

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.

Foreign currency risk

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.

Credit risk

At 30 June 2009 the company did not consider there to be any other significant concentration of credit risk which had not been adequately provided for.

Market Risk

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.

RELYON (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

Auditors

Leonard Wilson & Co were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr S Schmidt

Director

13. AUGUST 2009

RELYON (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF RELYON (HOLDINGS) LIMITED

We have audited the financial statements of Relyon (Holdings) Limited for the year ended 30 June 2009 set out on pages 6 to 15. 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 495 and 496 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 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 company's circumstances, 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.

RELYON (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF RELYON (HOLDINGS) LIMITED

Opinion

In our opinion

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006,
- the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended, and
- the information given in the directors' report is consistent with the financial statements



Mr I Turner (Senior Statutory Auditor)
for and on behalf of Leonard Wilson & Co

13th August 2009

Chartered Accountants
Statutory Auditor

Colinton House
Leicester Road
Bedworth
Warwickshire
CV12 8AB

RELYON (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 £	2008 £
Turnover	2	10,668,035	1,077,452
Administrative expenses		(10,590,858)	(942,254)
Operating profit	3	77,177	135,198
Investment income	4	-	5,251,000
Other interest receivable and similar income	4	3,996	12,727
Interest payable and similar charges	5	(6,210)	(1,000)
Profit on ordinary activities before taxation		74,963	5,397,925
Tax on profit on ordinary activities	6	735,407	(41,413)
Profit for the year	13	810,370	5,356,512

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

RELYON (HOLDINGS) LIMITED

BALANCE SHEET

AS AT 30 JUNE 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	8	12,412,887		12,329,507	
Current assets					
Debtors	9	2,369,439		776,831	
Cash at bank and in hand		299,328		278,253	
		<u>2,668,767</u>		<u>1,055,084</u>	
Creditors: amounts falling due within one year	10	<u>(3,537,676)</u>		<u>(1,915,576)</u>	
Net current liabilities			<u>(868,909)</u>		<u>(860,492)</u>
Total assets less current liabilities		11,543,978		11,469,015	
Provisions for liabilities	11				
Deferred tax liability			<u>(1,453,420)</u>		<u>(2,188,827)</u>
			<u>10,090,558</u>		<u>9,280,188</u>
Capital and reserves					
Called up share capital	12	3,725,000		3,725,000	
Share premium account	13	49,535		49,535	
Revaluation reserve	13	5,190,787		5,190,787	
Profit and loss account	13	1,125,236		314,866	
Shareholders' funds	14	10,090,558		9,280,188	

Approved by the Board and authorised for issue on

13th AUGUST 2009

Mr S Schmidt
Director

RELYON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain properties

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Freehold

Land and buildings Leasehold

Fixtures, fittings & equipment

Length of lease

6 67% to 33 33% Straight line basis

Where the estimate residual value of freehold buildings exceeds their carrying value then depreciation is not charged

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 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

1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.8 Impairment of tangible assets

At each balance date the company reviews the carrying values 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

RELYON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating profit	2009 £	2008 £
Operating profit is stated after charging		
Depreciation of tangible assets	26,112	68,602
Operating lease rentals		
- Plant and machinery	-	56,183
Fees payable to the company's auditor for the audit of the company's annual accounts	8,250	1,000

4 Investment income	2009 £	2008 £
Dividends received and receivable	-	5,251,000
Bank interest	3,996	12,727

5 Interest payable	2009 £	2008 £
On bank overdrafts	6,210	1,000

RELYON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

6	Taxation	2009	2008
		£	£
	Current tax charge	-	-
	Deferred tax		
	Deferred tax charge/credit current year	(735,407)	41,413
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	74,963	5,397,925
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 29.50%)	20,990	1,592,388
	Effects of		
	Depreciation add back	7,311	20,217
	Capital allowances	(44,431)	(69,026)
	Tax losses surrendered for group relief	16,130	4,587
	Adjustments to previous periods	-	879
	Non-taxable income	-	(1,549,045)
		(20,990)	(1,592,388)
	Current tax charge	-	-
7	Dividends	2009	2008
		£	£
	Ordinary interim paid	-	11,901,000

RELYON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

8 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 July 2008	11,534,782	740,420	892,644	13,167,846
Additions	166,315	-	8,131	174,446
Disposals	-	-	(382,956)	(382,956)
At 30 June 2009	11,701,097	740,420	517,819	12,959,336
Depreciation				
At 1 July 2008	-	146,078	692,261	838,339
On disposals	-	-	(318,002)	(318,002)
Charge for the year	-	8,726	17,386	26,112
At 30 June 2009	-	154,804	391,645	546,449
Net book value				
At 30 June 2009	11,701,097	585,616	126,174	12,412,887
At 30 June 2008	11,534,782	594,342	200,383	12,329,507

Included above are assets held under finance leases or hire purchase contracts as follows

	Fixtures, fittings & equipment £
Net book values	
At 30 June 2009	-
At 30 June 2008	1,215
Depreciation charge for the year	
At 30 June 2009	-

Depreciation has not been charged on freehold buildings in the year ended 30 June 2009 (2008 £nil) on the grounds that the estimated residual value of the assets exceeds their present carrying value

RELYON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

9 Debtors	2009 £	2008 £
Amounts owed by group undertakings	615,376	542,651
Other debtors	-	897
Prepayments and accrued income	1,754,063	233,283
	<u>2,369,439</u>	<u>776,831</u>

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.

10 Creditors amounts falling due within one year	2009 £	2008 £
Net obligations under finance leases	-	2,376
Trade creditors	1,283,387	-
Amounts owed to group undertakings	1,028,732	1,910,500
Taxes and social security costs	310,785	-
Accruals and deferred income	914,772	2,700
	<u>3,537,676</u>	<u>1,915,576</u>
Net obligations under finance leases		
Repayable within one year	-	2,376
Finance charges and interest allocated to future accounting periods	-	-
	<u>-</u>	<u>2,376</u>

RELYON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

11 Provisions for liabilities

	Deferred tax liability £
Balance at 1 July 2008	2,188,827
Profit and loss account	(735,407)
	<u>1,453,420</u>
Balance at 30 June 2009	<u>1,453,420</u>

The deferred tax liability is made up as follows

	2009 £	2008 £
Accelerated capital allowances	-	595,413
Revaluation of properties	1,453,420	1,593,414
	<u>1,453,420</u>	<u>2,188,827</u>

12 Share capital

	2009 £	2008 £
Authorised		
4,000,000 Ordinary shares of £1 each	<u>4,000,000</u>	<u>4,000,000</u>
Allotted, called up and fully paid		
3,725,000 Ordinary shares of £1 each	<u>3,725,000</u>	<u>3,725,000</u>

13 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 July 2008	49,535	5,190,787	314,866
Profit for the year	-	-	810,370
	<u>49,535</u>	<u>5,190,787</u>	<u>1,125,236</u>
Balance at 30 June 2009	<u>49,535</u>	<u>5,190,787</u>	<u>1,125,236</u>

RELYON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

14 Reconciliation of movements in shareholders' funds	2009 £	2008 £
Profit for the financial year	810,370	5,356,512
Dividends	-	(11,901,000)
Net addition to/(depletion in) shareholders' funds	810,370	(6,544,488)
Opening shareholders' funds	9,280,188	15,824,676
Closing shareholders' funds	10,090,558	9,280,188

15 Financial commitments

At 30 June 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2010

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Operating leases which expire				
Within one year	58,000	67,000	14	14
Between two and five years	157,000	157,000	10	24
In over five years	1,855,000	1,885,000	-	-
	2,070,000	2,109,000	24	38

16 Employees

Number of employees

There were no employees during the year apart from the directors

The directors are the key management personnel of the company. The remunerations of Messrs Grobler, Schmidt, Topping & Dieperink were paid by other companies within the Steinhoff group. 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 other companies.

RELYON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

17 Control

The company is a wholly owned subsidiary of Alvaglen Estates Ltd which 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

18 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

19 Post balance sheet events

In terms of an agreement concluded with Steinhoff UK Holdings group in 2008 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) to a maximum of £4.5million in the year to 30 June 2010 though at the time of writing this report the impact of this cannot 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