STEINHOFF UK GROUP PROPERTIES LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 30 JUNE 2012

Registered number: 01024575

STEINHOFF UK GROUP PROPERTIES LIMITED
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STEINHOFF UK GROUP PROPERTIES LIMITED
DIRECTORS' REPORT

The Directors present their annual report on the affairs of the company, together with the financial statements and independent auditor's report, for the 53 week period ended 30 June 2012

Principal activity
The principal activity of the company is that of a property management company and there have been no significant changes in the company's principal activities during the period under review

Results and dividends
The audited financial statements for the 53 week period ended 30 June 2012 are set out on pages 6 to 19 The profit after tax for the period was £3,181,000 (52 week period ended 25 June 2011 was a profit of £2,889,000)

The Directors cannot recommend payment of a dividend (52 week period ended 25 June 2011 same)

Enhanced business review
During the year the company was sold by Steinhoff UK Retail Limited to Steinhoff UK Holdings Limited The company remains part of the Steinhoff International Holdings Limited group During the year the company purchased Serais Investments Limited from a fellow subsidiary of Steinhoff International Holdings Limited

The company's income is attributable to letting properties to group undertakings and the key performance indicators are rental income, which reduced from £84,387,000 to £69,803,000, operating profit, net assets and net cash flow from operating activities, all of which are shown in the accounts

The company's income and expenditure reduced during the financial period partly due to a number of lease expiries and asset management deals on non-core properties in the estate

During the period under review the operating profit was £3,021,000 (25 June 2011 £111,000)

The improved profitability in the current year stemmed from a combination of favourable rent review settlements and the recovery of certain dilapidation settlements

The company's net assets were £8,627,000 (25 June 2011 £5,391,000)

The net cash outflow from operating activities totalled £6,188,000 (2011 net cash inflow £2,183,000) The majority of this movement is due to the 53 week period being aligned with the end of the calendar month when creditors are paid

Principal risks and uncertainties
The principal risks facing the company are the risks of external tenants defaulting or properties remaining vacant This is mitigated through a programme of active property portfolio management by the company's management team

The Directors believe the company is in a strong position as its income is earned from other members of the Steinhoff group It is also well positioned to restructure the existing portfolio in response to improvements in the real estate market

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the enhanced business review The financial position of the company, its cash flows, and liquidity position are described in the financial statements In addition note 9 to the financial statements includes the company's objectives, policies and processes for managing its financial risk, details of its financial instruments and risk management activities, and its exposures to credit risk and liquidity risk

Going concern
After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements

Directors
The Directors who served dunng the penod and to the date of this report were

P J Diepennk
G Forsyth
J H Robins

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 penod and remain in force at the date of this report

Supplier payment policy
The company's policy is to agree terms of payment with suppliers and abide by them

Auditor
Each of the Directors at the date of approval of this annual report confirms that

a) so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware, and

b) 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

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006

Deloitte LLP are deemed to be reappointed under s487(2) of the Companies Act 2006

By order of the Board

P Dieperink
Director
Fifth Floor
Festival House
Jessop Avenue
Cheltenham
Gloucestershire
GL50 3SH
18 March 2013

STEINHOFF UK GROUP PROPERTIES LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT

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 Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, International Accounting Standard 1 requires that Directors

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEINHOFF UK GROUP PROPERTIES LIMITED

We have audited the financial statements of Steinhoff UK Group Properties Limited for the 53 week period ended 30 June 2012 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 15 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

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial

Opinion on financial statements
In our opinion the financial statements
- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Patrick Loftus

Patrick Loftus (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester United Kingdom
18 March 2013

STEINHOFF UK GROUP PROPERTIES LIMITED
INCOME STATEMENT
53 WEEKS TO 30 JUNE 2012

Continuing operations	Notes	53 weeks to 30 June 2012 £'000	52 weeks to 25 June 2011 £'000
Revenue - rental and associated property income		69,803	84,387
Operating expenses		(66,782)	(84,276)
Operating profit		3,021	111
Finance income		261	415
Finance cost		(51)	(97)
Total finance income		210	318
Profit before taxation	1	3,231	429
Taxation (charge)/credit	2	(50)	2,460
Profit for the period		3,181	2,889

The accompanying notes are an integral part of these financial statements

The company had no recognised gains or losses in either period other than the profit for the financial period shown above Accordingly no separate Statement of Comprehensive Income has been presented

STEINHOFF UK GROUP PROPERTIES LIMITED
BALANCE SHEET
AT 30 JUNE 2012

	Notes	30 June 2012 £'000	25 June 2011 £'000
Non-current assets			
Property, plant & equipment	4	8,002	6,014
Amounts owed by group undertakings	15	-	14,500
Investments in subsidiary undertakings	5	-	-
		8,002	20,514
Current assets			
Current tax assets		38	87
Trade and other receivables	6	46,514	29,352
Cash at bank		-	5,210
		46,552	34,649
Current liabilities			
Trade and other payables	7	(28,512)	(35,366)
Bank overdrafts	8	(3,085)	-
Short term provisions	9	(3,971)	(3,988)
		(35,568)	(39,354)
Net current assets / (liabilities)		10,984	(4,705)
Total assets less current liabilities		18,986	15,809
Non-current liabilities			
Long term provisions	9	(10,359)	(10,418)
Net assets		8,627	5,391
Equity			
Share capital	10	72,720	72,720
Share premium account		7,867	7,867
Retained earnings		(71,960)	(75,196)
Shareholders' funds		8,627	5,391

The accompanying notes are an integral part of these financial statements

The financial statements of Steinhoff UK Group Properties Limited, registered number 01024575, were approved by the Board of Directors and authorised for issue on 18 March 2013

P Dieperink
Director

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF CHANGES IN EQUITY
53 WEEKS TO 30 JUNE 2012

	Share capital £'000	Share premium account £'000	Retained Earnings £'000	Total £'000
At 27 June 2010	72,720	7,867	(78,123)	2,464
Share based payments	-	-	38	38
Profit for the penod	-	-	2,889	2,889
At 25 June 2011	72,720	7,867	(75,196)	5,391
At 26 June 2011	72,720	7,867	(75,196)	5,391
Share based payments	-	-	55	55
Profit for the penod	-	-	3,181	3,181
At 30 June 2012	72,720	7,867	(71,960)	8,627

STEINHOFF UK GROUP PROPERTIES LIMITED
CASH FLOW STATEMENT
53 WEEKS TO 30 JUNE 2012

	53 weeks to 30 June 2012 £000	52 weeks to 25 June 2011 £000
Cash flows from operating activities		
Operating profit	3,021	111
Depreciation	829	736
Loss on disposal of property, plant and equipment	50	356
Share based payment charge	55	38
Lease surrender premiums	(550)	(627)
Landlord's inducements	264	310
Property provisions	(76)	569
Operating cash flows before changes in working capital	3,593	1,493
Movement of non-current receivables to trade and other receivables	14,500	-
(Increase)/decrease in trade and other receivables including current tax asset	(17,163)	2,585
Decrease in trade and other payables	(7,118)	(1,895)
Net cash (outflow)/inflow from operating activities	(6,188)	2,183
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,602)	(7,159)
Lease surrender premiums received	550	627
Proceeds from disposal of property, plant and equipment	7,735	6,323
Net cash outflow from investing activities	(2,317)	(209)
Cash flows from financing activities		
Net interest received	210	318
Net cash flows from financing activities	210	318
Net (decrease)/increase in cash and cash equivalents	(8,295)	2,292
Opening cash and cash equivalents	5,210	2,918
Closing cash and cash equivalents	(3,085)	5,210

Cash and cash equivalents comprise of cash at bank and bank overdrafts

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE 53 WEEKS ENDED 30 JUNE 2012

The principal accounting policies are set out below and have been consistently applied through both the current and preceding financial periods

Basis of accounting
The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted for use in the European Union

Consolidated financial statements have not been prepared by the company as permitted by Section 400 of the Companies Act 2006 as the company and its subsidiaries are included in the consolidated financial statements of Steinhoff UK Holdings Limited

Going concern
The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on pages 2 to 3 which describes the financial position of the company

The company consolidates its forecasts and projections into those of the Steinhoff UK Holdings group After taking into account future trading and uncertainty surrounding the economy, the Directors have a reasonable expectation that the company and the Steinhoff UK Holdings group have adequate resources to continue in operational existence for the foreseeable future Accordingly, given the letter of financial support from Steinhoff UK Holdings Limited and ability of the company to provide the support, they continue to adopt the going concern bases in preparing the annual report and accounts

Property, plant and equipment
Property, plant and equipment is stated at cost, net of depreciation and any recognised impairment loss They are depreciated at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life Assets under construction are not subject to depreciation Depreciation rates are as follows

Structural assets	
Long leasehold	2% per annum
Structural assets	Straight line over the term of the lease
Fixtures, fittings and equipment	10%-20% per annum
Computer equipment	20% per annum

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

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 period 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 the recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities that affects neither the tax profit nor the accounting profit

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

Revenue recognition
Revenue comprises rent receivable and associated property income and is recognised in the income statement as it accrues on a day to day basis All revenue is earned from UK business

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
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

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF ACCOUNTING POLICIES (continued)
FOR THE 53 WEEKS ENDED 30 JUNE 2012

Financial instruments (continued)

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

Financial assets
The financial assets are all classified as loans and receivables

Financial assets - Loans and receivables
Trade 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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except where the carrying amount is reduced through the use of an allowance account When a 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 includes unpresented cheques in trade creditors and uncleared lodgements in trade debtors

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

Operating leases
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term

Share based payments
The company has applied the requirements of 'IFRS 2 Share based payment' Certain Directors of the company are members of the Steinhoff International Holdings Limited share incentive scheme The fair value of the services received under this scheme is calculated by Steinhoff International Holdings Limited by the use of the Black Scholes model, and the amount attributable to this company is charged to the Income Statement Steinhoff International Holdings Limited does not recharge the company for these services so an amount equal to the annual charge is credited directly to reserves in accordance with IFRS 2

Critical judgements and estimates in applying the accounting policies
In the process of applying the accounting policies described above, management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements

Property provisions
Provisions for property related costs require management to make judgements and estimates in relation to amounts and lengths of time for which provisions may be required The provisions are reviewed regularly in the light of the most current information available

Standards and Interpretations
There have been no new or revised Standards or Interpretations which have affected the amounts reported in these financial statements

STEINHOFF UK GROUP PROPERTIES LIMITED
STATEMENT OF ACCOUNTING POLICIES (continued)
FOR THE 53 WEEKS ENDED 30 JUNE 2012

Standards and interpretations (continued)
At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective The Directors anticipate that the adoption of these standards and interpretations will have no material impact on the company's financial statements

- Annual improvements to IFRSs 2009-2011 Cycle (May 2012),
- Amendments to IAS 32 (December 2011) Offsetting Financial Assets and Financial Liabilities,
- Amendments to IFRS 7 (December 2011) Disclosures – Offsetting Financial Assets and Financial Liabilities,
- IFRS 9 Financial Instruments,
- Amendments to IAS 1 (June 2011) Presentation of Items of Other Comprehensive Income,
- IAS 19 (revised June 2011) Employee Benefits,
- IFRS 13 Fair Value Measurement,
- IFRS 12 Disclosure of Interests in Other Entities,
- IFRS 11 Joint Arrangements,
- IFRS 10 Consolidated Financial Statements,
- IAS 28 (revised May 2011) Investments in Associates and Joint Ventures,
- IAS 27 (revised May 2011) Separate Financial Statements, and
- Amendments to IAS 12 (December 2010) Deferred Tax Recovery of Underlying Assets

1 Operating profit

	53 weeks to 30 June 2012 £'000	52 weeks to 25 June 2011 £'000
The profit before tax is stated after charging/(crediting)		
Operating lease rentals - leasehold properties	39,725	51,876
Loss on disposal of property, plant & equipment	50	356
Amortisation of lease surrender premiums	(550)	(627)
Depreciation	829	736
Auditor's remuneration		
Fees payable to the company's auditor for the audit of the company's annual accounts	20	24

There were no amounts paid to the auditor for non-audit services in either period

2 Taxation

	53 weeks to 30 June 2012 £'000	52 weeks to 25 June 2011 £'000
Current tax		
UK corporation tax at 25 5% (June 2011 27 5%) on profit for the period	-	63
Difference in respect of prior period corporation tax	(88)	2,385
Deferred tax		
Origination and reversal of timing differences	14	12
Difference in respect of prior period deferred tax	24	-
Total taxation (charge)/credit	(50)	2,460

The tax (charge)/credit for the period can be reconciled to the profit per the income statement as follows

	53 weeks to 30 June 2012 £'000	52 weeks to 25 June 2011 £'000
Profit before taxation	3,231	429
Tax at the current UK corporation tax rate of 25 5% (2011 27 5%)	(824)	(118)
Expenses not deductible for tax purposes	(23)	(25)
Chargeable gains	(22)	-
Change in rate of corporation tax	(2)	(1)
Timing differences not recognised	885	219
Prior period adjustment	(64)	2,385
Total taxation	(50)	2,460

A deferred tax asset has not been recognised in respect of timing differences relating to trading losses and other short term differences as there is insufficient evidence that the asset will be recovered The estimated value of the deferred tax asset not recognised is £4,696,000 (2011 £1,351,000)

The UK Government announced a reduction in the UK corporation tax rate from 24% to 23% from 1 April 2013 As this was not substantively enacted until 17 July 2012, the deferred tax balances have been stated using the rate in operation at 30 June 2012 of 24% The effect of reducing the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax of 24% is not material

The UK Government has indicated that it intends to enact a further reduction in the main tax rate down to 21% by 1 April 2014 Future rate reductions would further reduce the UK deferred tax assets and liabilities recognised but the actual impact will be dependent on the deferred tax position at the time

3 Staff costs

	53 weeks to 30 June 2012 £'000	52 weeks to 25 June 2011 £'000
Staff costs (including Directors)		
Wages and salaries	**920**	915
Social security costs	**103**	105
Pension costs	**46**	41
	1,069	1,061

The average number of staff, all administration employees, including key management personnel, was 21 (52 weeks to 25 June 2011 23)

Key management personnel
The remuneration of executive Directors, who are the key management personnel of the company, is set out in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures"

	53 weeks to 30 June 2012 £'000	52 weeks to 25 June 2011 £'000
Salary and short term employment benefits	**168**	147
Post employment benefits	**16**	15
	184	162

Post employment benefits reflect contributions to a defined benefit contribution scheme

The emoluments of Messrs Dieperink and Robins were paid by fellow subsidiaries Homestyle Operations Limited and Homestyle Group 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

4 Property, plant & equipment

	Assets under construction £'000	Structural assets £'000	Fittings, equipment & computers £'000	Total £'000
Cost				
At 26 June 2011	285	10,129	166	**10,580**
Additions	8,071	2,342	189	**10,602**
Disposals	-	(620)	-	**(620)**
Transferred to fellow group company	(7,577)	-	-	**(7,577)**
At 30 June 2012	779	11,851	355	**12,985**
Depreciation				
At 26 June 2011	-	4,444	122	**4,566**
Disposals	-	(412)	-	**(412)**
Charge for period	-	774	55	**829**
At 30 June 2012	-	4,806	177	**4,983**
Net book amount				
At 30 June 2012	779	7,045	178	**8,002**
At 26 June 2011	285	5,685	44	**6,014**

4 Property, plant & equipment (continued)	Assets under construction £'000	Structural assets £'000	Fittings, equipment & computers £'000	Total £'000
Cost				
At 27 June 2010	174	10,037	146	**10,357**
Additions	6,691	448	20	**7,159**
Disposals	-	(356)	-	**(356)**
Transferred to fellow group company	(6,580)	-	-	**(6,580)**
At 25 June 2011	285	10,129	166	**10,580**
Depreciation				
At 27 June 2010	-	3,994	93	**4,087**
Disposals	-	(257)	-	**(257)**
Charge for period	-	707	29	**736**
At 25 June 2011	-	4,444	122	**4,566**
Net book amount				
At 25 June 2011	285	5,685	44	**6,014**
At 27 June 2010	174	6,043	53	**6,270**

5 Investments in subsidiaries

	30 June 2012 £'000
Shares in subsidiary undertakings	
At start of period	-
Additions	-
At end of period	-

During the period, 100% of the ordinary and deferred share capital of Serais Investments Limited, an investment property company incorporated in England and Wales, was purchased by the company from a fellow subsidiary of Steinhoff International Holdings Limited for 1p

6 Trade and other receivables	**30 June 2012 £'000**	As represented 25 June 2011 £'000
Amounts owed by group undertakings	**25,461**	11,021
Other receivables	**1,159**	913
Prepayments and accrued income	**13,752**	13,948
Other taxation recoverable VAT	**6,371**	3,691
Less provision for impairment of receivables	**(229)**	(221)
	46,514	29,352

The prior period trade and other receivables has been represented £3,691,000 has been represented from trade receivables to other taxation recoverable VAT and £575,000 has been represented from trade receivables to other receivables This is to comply with best practice and there has been no impact on the income statement

The average credit period on rental and associated property income is 1 day (2011 1 day) The provision for impairment of receivables is estimated by the company's management based on prior experience and the current economic environment

There are no debtors included in the company's other receivable balance which are past due at the reporting date for which the company has not provided

The short-term amounts owed by group undertakings are loans of £25,461,000 (2011 £11,021,000) which are repayable on demand Long-term amounts owed by group undertakings total £Nil (2011 £14,500,000) The Directors consider there to be no significant credit risk associated with these balances

6 Trade and other receivables (continued)

Movement in the provision for impairment of receivables

	2012 £'000	2011 £'000
At the start of the period	221	308
Amounts utilised in the period	(116)	(87)
Amounts created in the period	124	-
At the end of the period	229	221

In determining the recoverability of the receivable, the company considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date The concentration of credit risk is limited due to the customer base being related parties The Directors therefore believe that there is no further credit provision required in excess of the impairment of receivables

There are no specific receivables relating to companies which have been placed under liquidation

7 Trade and other payables

	30 June 2012 £'000	25 June 2011 £'000
Trade payables	13,496	15,260
Amounts owed to group undertakings	2,016	7,044
Accruals and deferred income	13,000	13,062
	28,512	35,366

8 Borrowings

	30 June 2012 £'000	25 June 2011 £'000
Bank overdrafts	3,085	-
The weighted average interest rates paid were	%	%
Bank overdrafts	3 3	-

Bank borrowings are arranged at floating interest rates linked to bank base rate They are repayable on demand All borrowings are in sterling

9 Provisions

Property provisions

	30 June 2012 £'000	25 June 2011 £'000
At start of period	14,406	13,837
Utilised in the period	(1,311)	(735)
Charged to profit and loss account in the period	2,027	3,385
Credited to profit and loss account in the period	(792)	(2,081)
At end of period	14,330	14,406
Due less than 1 year	3,971	3,988
Due more than 1 year	10,359	10,418
	14,330	14,406

Property provisions are raised for future rental costs where properties are vacant, and for expected committed costs exceeding contribution where a store is loss making The provision is calculated based on the remaining term of the lease or estimated date of assignment if earlier The company also provides for dilapidations where expenditure is expected to be incurred to restore leasehold premises to the condition required under individual lease agreements at the end of their term Provisions are expected to be utilised over the remaining term of the leases, which can be up 20 years

	30 June 2012 £'000	25 June 2011 £'000
10 Share capital		
Issued and fully paid		
1,454,399,850 ordinary shares of 5p each	72,720	72,720

11 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		2012 £'000	2011 £'000
Financial assets at amortised cost			
Cash		-	5,210
Loans and receivables - Trade and other receivables	- non current	-	14,500
	- current	32,762	15,404
		32,762	35,114
Financial liabilities at amortised cost			
Bank overdrafts		3,085	-
Trade and other payables		15,512	22,304
		18,597	22,304

Financial risk management objectives

The executive team is responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively, embedding a risk mitigation 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 All major exposures are identified and mitigating controls 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 does not use derivatives or other financial instruments for speculative or non speculative purposes The central group 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

Market risk

The company's activities expose it primarily to the financial risks of changes in interest rates The Steinhoff UK group manages interest rate risk centrally through its central treasury function Individual company's cash resources are consolidated and matched with the net funding requirements sourced from three sources namely internally generated funds, the company facilities and group resources All transactions are in sterling so there is no exposure to foreign currency risk

Interest rate risk management

Interest rate risk is managed centrally All interest bearing assets of the company are at variable rates of interest and are structured to achieve a competitive market related cost of funding The majority of the other interest payable relates to interest on rent reviews which are under negotiation, and interest is charged at a mixture of fixed and variable rates Rent reviews are settled on a timely basis to minimise this risk

The sensitivity analysis below has been determined based on the exposure to interest rates throughout the year and a stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period

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 £32,000 (2011 £41,000) If interest rates had been 50 basis points higher and all other variables were held constant, the company's net profit would increase by £32,000 (2011 £41,000)

Credit risk management

Potential concentration of credit risk consist principally of short-term cash and cash equivalent investments, trade and other receivables The company deposits short-term cash surpluses with the same bank granting it overdraft facilities The ability of group undertakings to repay trade and other amounts receivable is assessed The company performs ongoing credit evaluations on the financial condition of third party tenants At 30 June 2012, the company did not consider there to be any significant concentration of credit risk which had not been adequately provided for The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment

11 Financial Instruments (continued)

Liquidity risk management

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities and has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities except where the company is entitled and intends to repay the liability before its maturity

	0 - 3 months £000
2012	
Amounts payable to group companies	2,016
Trade and other payables	13,496
	15,512
2011	
Amounts payable to group companies	7,044
Trade and other payables	15,260
	22,304

Fair values

The fair values of the company's receivables, cash and cash equivalents, trade payables, short-term provisions and loans and overdrafts with a maturity of less than one year are assumed to approximate to their book value

12 Financial commitments

The company has entered into a composite cross guarantee with the other companies in the Steinhoff UK Group to guarantee the Steinhoff UK group's bank loans and overdrafts The maximum potential liability under this guarantee is limited to £20,000,000 (2011 £50,000,000)

Lease commitments are in relation to short and long term leases in respect of certain land and buildings Leases are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

Company as lessee

The administration of leases for land and buildings was transferred from Homestyle Group Operations Limited (a fellow subsidiary) to this company in a prior period Certain leases have been entered in to by Steinhoff UK Group Properties Limited which are also included in the analysis below Steinhoff UK Group Properties Limited pays all costs arising from these leases, and recharges these costs to other Steinhoff UK companies who occupy the properties The amount recharged in the current period is included in note 13

At the balance sheet date the expected payments under these operating leases were as follows

	30 June 2012 £'000	25 June 2011 £'000
Amount falling due		
Within one year	**30,958**	31,994
Between two and five years	**104,698**	109,408
After five years	**103,363**	118,594
Total	**239,019**	259,996

12 Financial commitments (continued)

Company as lessor
At the balance sheet date the following future minimum lease payments contracted were

	30 June 2012 £'000	25 June 2011 £'000
Within one year	-	5

This includes income arising from leases which the company administers on behalf of other companies within the Steinhoff UK Holdings Group and leases entered into by these companies Steinhoff UK Group Properties Limited pays all costs arising from these leases, and recharges these costs to other Steinhoff UK companies who occupy the properties

13 Capital commitments

Capital expenditure contracted for but not provided in the accounts at 30 June 2012 amounted to £1,187,000 (2011 £804,000)

14 Parent company and ultimate controlling party

The company is a wholly-owned subsidiary undertaking of Steinhoff UK Holdings Limited, a company registered in England and Wales

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

The smallest group in which the results of the company are consolidated is that headed by Steinhoff UK Holdings Limited Copies of these consolidated financial statements may be obtained from 5th Floor, Festival House, Jessop Avenue, Cheltenham, Gloucestershire GL50 3SH

The 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

15 Related party transactions

Transactions between the company and other companies within the group headed by Steinhoff International Holdings Limited are disclosed below

	Property rentals and associated income £'000	Recharges for services £'000	Long-term amounts owed by related parties £'000	Short-term amounts owed by related parties £'000	Amounts owed to related parties £'000
53 weeks ended 30 June 2012					
Other companies in the Steinhoff group	69,803	1,252	-	25,461	(2,016)
52 weeks ended 25 June 2011					
Other companies in the Steinhoff group	84,387	621	14,500	11,021	(7,044)

All transactions are made on an arms length basis The amounts outstanding are unsecured and will be settled in cash No guarantees have been given or received