

Steinhoff UK Holdings Limited

Directors' report and consolidated financial statements

Year ended 30 June 2002

Registered number 3738136



Steinhoff UK Holdings Limited

Directors' report and consolidated financial statements

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Steinhoff UK Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2002.

Principal activities

The company's principal activity is that of a holding company.

Business review

The company's results were disappointing in a challenging market environment but the directors view the future with greater confidence.

Dividends

The directors do not recommend a dividend.

Research and development

Research and development is carried out within each of the group companies where this activity is necessary for the profitable development of the business.

Directors and directors' interests

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

B E Steinhoff

F E J Lewis

M J Jooste

P M James (appointed 4 September 2001)

J M Moore (resigned 8 November 2001)

I M Topping (appointed 20 February 2002)

None of the directors who held office at the end of the year had a beneficial interest in the ordinary share capital of the company.

Messrs Steinhoff and Jooste are directors of Steinhoff International Holdings Limited, the ultimate parent company, and details of their beneficial interests in the ordinary share capital are shown in the published accounts of that company. No other director who held office at the end of the year had a beneficial interest in the ordinary share capital of Steinhoff International Holdings Limited.

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

Employees

The group recognises the need to keep staff informed about its performance and progress and provide information on matters of concern to them. Consultative meetings are held between senior management and staff. The group has continued to develop good practice regarding the development and contribution of employees.

Full and fair consideration is given to applications for employment made by disabled persons and, where employees become disabled during service with the group, arrangements are made for their continued service wherever possible.

Group policy on health and safety at work continues to be reviewed regularly to ensure a safe working environment.

Creditor payment policy

The majority of suppliers to the company are fellow Steinhoff International Holdings Limited group subsidiary companies and the payment of these creditors is supervised by the group treasury function with the aim of maximising the benefit arising from foreign currency transactions.

The policy with regard to external suppliers is to negotiate terms of payment on an individual basis and that remittances should then be made within those mutually agreed terms.

The average creditor days for the year ended 30 June 2002 were 60.

Steinhoff UK Holdings Limited

Directors' report *(continued)*

Charitable and political contributions

UK charitable donations amounted to £1,050. No contribution was made to any political party.

Auditors

In accordance with S.385 of the Companies Act 1985, a resolution for the re-appointment of BKR Haines Watts as auditors of the company at a fee to be fixed by the directors is to be proposed at the Annual General Meeting.

By order of the board



P James
Secretary

15 August 2002

Steinhoff UK Holdings Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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 a 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

BKR Haines Watts
Sterling House
1 Sheepscar Court
LEEDS
LS7 2BB

Report of the independent auditors to the members of Steinhoff UK Holdings Limited

We have audited the financial statements on pages 5 to 17.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and Accounting Standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of disclosures made in the financial statements concerning the accounting concept – going concern. As referred to in note 1, the financial statements have been prepared on a going concern basis, on the assumption of the continued support of the parent company and the creditors. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 June 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BKR Haines Watts
Chartered Accountants
Registered Auditor

BKR Haines Watts

21 August 2002

Steinhoff UK Holdings Limited

Consolidated profit and loss account for the year ended 30 June 2002

	Note	2002 £	2001 £
Turnover – continuing operations	2	14,030,472	13,127,556
Cost of sales		(16,096,775)	(12,697,683)
Gross (loss)/profit		(2,066,303)	429,873
Net operating expenses	3	(4,221,127)	(6,174,030)
Exceptional operating income	4	3,289,970	7,318,520
Operating (loss)/profit	5	(2,997,460)	1,574,363
Exceptional costs of re-organisation	4	(143,370)	-
(Loss)/profit on ordinary activities before interest and taxation		(3,140,830)	1,574,363
Net interest payable	8	(298,348)	(477,909)
(Loss)/profit on ordinary activities before taxation		(3,439,178)	1,096,454
Tax on loss/(profit) on ordinary activities	9	-	(13,824)
(Loss)/profit for the financial year		(3,439,178)	1,082,630

The profit for the financial year of the company is shown below.

Reconciliation of movements in shareholders' funds for the year ended 30 June 2002

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
(Loss)/profit for the financial year	(3,439,178)	1,082,630	13,640	(23,133)
Opening shareholders' funds	(50,044)	(1,132,674)	(23,033)	100
Closing shareholders' funds	(3,489,222)	(50,044)	(9,393)	(23,033)

The notes on pages 8 to 17 form part of these financial statements.

Steinhoff UK Holdings Limited

Balance sheets

as at 30 June 2002

		Group		Company	
	Note	2002	2001	2002	2001
		£	£	£	£
Fixed assets					
Intangible assets	10	-	229,805	-	-
Tangible assets	11	686,804	1,702,802	-	-
Investments	12	-	-	434,000	434,000
		<u>686,804</u>	<u>1,932,607</u>	<u>434,000</u>	<u>434,000</u>
Current assets					
Stocks	13	2,034,728	3,209,486	-	-
Debtors	14				
- due after more than one year		-	-	5,542,555	-
- due within one year		2,856,927	3,037,411	4,121	22
		<u>2,856,927</u>	<u>3,037,411</u>	<u>5,546,676</u>	<u>22</u>
Cash at bank and in hand		320,789	433,835	-	-
		<u>5,212,444</u>	<u>6,680,732</u>	<u>5,546,676</u>	<u>22</u>
Creditors: amounts falling due within one year	15	3,539,845	3,844,390	347,638	12,022
Net current assets		<u>1,672,599</u>	<u>2,836,342</u>	<u>5,199,038</u>	<u>(12,000)</u>
Total assets less current liabilities		<u>2,359,403</u>	<u>4,768,949</u>	<u>5,633,038</u>	<u>422,000</u>
Creditors: amounts falling due after more than one year	16	5,848,625	4,818,993	5,642,431	445,033
Net liabilities		<u>(3,489,222)</u>	<u>(50,044)</u>	<u>(9,393)</u>	<u>(23,033)</u>
Capital and reserves					
Share capital	19	100	100	100	100
Profit and loss account	20	(3,489,322)	(50,144)	(9,493)	(23,133)
Equity shareholders' funds		<u>(3,489,222)</u>	<u>(50,044)</u>	<u>(9,393)</u>	<u>(23,033)</u>

These financial statements were approved by the board of directors on 15 August 2002 and were signed on its behalf by:-



P James
Director

The attached notes on pages 8-17 form part of these financial statements.

Steinhoff UK Holdings Limited

Consolidated cash flow statement for the year ended 30 June 2002

	Note	2002 £	2001 £
Net cash (outflow)/inflow from operating activities	21	(5,467,992)	640,208
Returns on investments and servicing of finance	22	(177,807)	(477,909)
Taxation paid		-	(13,824)
Capital expenditure and financial investment	22	(128,780)	(151,675)
Loss on disposal of business		(143,370)	-
Cash (outflow)/inflow before use of liquid resources and financing		(5,917,949)	(3,200)
Financing	22	5,480,570	(30,969)
(Decrease) in cash in the period		(437,379)	(34,169)

Reconciliation of net cash flow to movement in net funds

		2002 £	2001 £
(Decrease) in cash in the period		(437,379)	(34,169)
Cash outflow/(inflow) from increase/(decrease) in lease financing		61,985	30,969
New lease finances		(60,227)	-
Movement in net funds in the period		(435,621)	(3,200)
Net funds at 1 July	22	329,042	332,242
Net (debt)/funds at 30 June	22	(106,579)	329,042

Steinhoff UK Holdings Limited

Notes

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Fixed assets and depreciation

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

Leasehold property	-	over period of lease
Plant and machinery	-	10% or 40% on reducing balance
Fixtures and fittings	-	25% on reducing balance
Motor vehicles	-	25% on reducing balance

Stocks

Stocks and work in progress have been valued at the lower of cost or net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required by accounting standards, full provision without discounting in respect of deferred tax is made for all timing differences which have arisen but not reversed at the balance sheet date.

Pensions

The company operates a defined contribution scheme for certain employees. The assets of these schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction; or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and unincorporated businesses post 1 January 1998, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised within fixed assets and amortised on a straight line basis over its estimated useful economic life of 20 years.

Leases

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Steinhoff UK Holdings Limited

Notes (continued)

1 Accounting policies (continued)

Accounting concept – going concern

The financial statements have been prepared on a going concern basis on the assumption of the continued support of the company's creditors which mainly relate to companies within the group.

Should the going concern basis not be appropriate, adjustments would be necessary to reduce the value of assets to their recoverable amount, to provide for any further liabilities which may crystallise and to re-classify fixed assets and long term liabilities as current assets and liabilities.

2 Turnover

Turnover represents the invoiced value of sales less trade discounts and allowances, excluding Value Added Tax.

2002	2001
£	£

The analysis of turnover by geographical area is as follows:-

United Kingdom	13,741,078	12,861,272
Other European Countries	289,394	266,284
	<u>14,030,472</u>	<u>13,127,556</u>

3 Net operating expenses

2002	2001
£	£

Net operating expenses are made up as follows:-

Sales and distribution costs	2,918,895	2,184,801
Administrative expenses	1,302,232	4,030,574
Other operating income	-	(41,345)
	<u>4,221,127</u>	<u>6,174,030</u>

4 Exceptional items

2002	2001
£	£

Exceptional income		
Operating income from non-group companies – see note 26	3,289,970	7,318,520
	<u>3,289,970</u>	<u>7,318,520</u>

Exceptional expenditure		
Losses relating to the closure of the manufacturing facility	(143,370)	-
	<u>(143,370)</u>	<u>-</u>

Steinhoff UK Holdings Limited

Notes (continued)

5 Operating (loss)/profit

	2002 £	2001 £
Operating profit is stated after charging:-		
Depreciation -		
on owned assets	155,751	171,708
on assets held under finance leases and hire purchase agreements	32,522	20,040
Amortisation of intangible fixed assets	229,805	12,095
Operating lease rental -		
land and buildings	881,577	442,843
Other	19,207	123,259
Research and development	90,603	-
Auditors' remuneration (Company £2,000, 2000: £2,000)	10,000	19,000

6 Remuneration of directors

	2002 £	2001 £
Directors' remuneration:-		
Directors' emoluments	157,911	245,729
Company contributions to money purchase pension schemes	13,414	22,350
	171,325	268,079
Remuneration of highest paid director:-		
Director's emoluments	59,381	142,631
Company contribution to money purchase pension scheme	1,834	15,600
	61,215	158,231

During the year, 3 (2001: 3) directors were members of money purchase pension schemes.

7 Staff numbers and costs

The average number of persons employed by the company, (including directors), during the year, analysed by category, was as follows:-

	2002 Number	2001 Number
Selling and distribution	59	60
Management	13	14
	72	74
	£	£

The aggregate payroll costs of these persons were as follows:-

Wages and salaries	1,457,946	1,258,248
Social security costs	135,938	129,189
Other pension costs	46,765	65,212
	1,640,649	1,452,649

Steinhoff UK Holdings Limited

Notes (continued)

8 Net interest payable

	2002 £	2001 £
Interest payable:-		
Bank overdrafts and loans	132,851	6,302
Interest payable to group companies	168,894	460,995
Finance leases and hire purchase agreements	7,273	10,612
	<u>309,018</u>	<u>477,909</u>
Interest receivable:-		
Interest on deposits at bank	1,165	-
Interest receivable from other group companies	9,505	-
	<u>10,670</u>	<u>-</u>
Net interest payable	<u>298,348</u>	<u>477,909</u>

9 Taxation

	2002 £	2001 £
Analysis of charge in period		
UK Corporation tax		
Adjustment in respect of prior periods	-	13,824

Factors affecting the tax charge for the current period

The current tax credit/charge for the year is lower (2001: lower) than the standard rate of corporation tax in the UK. The differences are explained below:-

Current tax reconciliation:-		
(Loss)/profit on ordinary activities before tax	(3,439,178)	1,096,454
Current tax @ 30%	(1,031,753)	328,936
Effects of :-		
Expenses not deductible for tax purposes	69,806	23,190
Capital allowances for period in excess of depreciation	7,572	(11,742)
Movement in short term timing differences	42,757	1,180
Carry forward / (utilisation) of tax losses	911,618	(341,564)
Adjustment to tax charge in respect of previous period	-	13,824
Total current tax	<u>-</u>	<u>13,824</u>

Factors that may affect future tax charges

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

Steinhoff UK Holdings Limited

Notes (continued)

10 Intangible assets

Goodwill	£000
Cost	
At 1 July 2001	241,900
At 30 June 2002	241,900
Amortisation	
At 1 July 2001	12,095
Charge for year	229,805
At 30 June 2002	241,900
Net book value	
At 30 June 2002	-
At 30 June 2001	229,805

11 Tangible fixed assets

	Short leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>					
At 1 July 2001	1,073,971	73,970	189,196	717,240	2,054,377
Additions	-	139,372	25,000	62,164	226,536
Disposals	(28,677)	(34,953)	(101,078)	(64,837)	(229,545)
Transfer to other group companies	(1,000,000)	-	-	-	(1,000,000)
At 30 June 2002	45,294	178,389	113,118	714,567	1,051,368
<i>Depreciation</i>					
At 1 July 2001	81,093	15,682	56,605	198,195	351,575
Charge for year	14,008	32,532	26,115	115,618	188,273
Disposals	(12,076)	(9,568)	(45,507)	(28,133)	(95,284)
Transfer to other group companies	(80,000)	-	-	-	(80,000)
At 30 June 2002	3,025	38,646	37,213	285,680	364,564
<i>Net book value</i>					
At 30 June 2002	42,269	139,743	75,905	428,887	686,804
At 30 June 2001	992,878	58,288	132,591	519,045	1,702,802

Assets held under finance leases originally cost £148,068 (2001: £189,196). Accumulated depreciation at the year end amounted to £43,620 (2001: £56,605) resulting in a net book value of £104,448 (2001: £132,591).

12 Investments

	2002 £	2001 £
Shares in group undertakings		
<i>Cost</i>		
At 1 July	434,000	434,000
At 30 June	434,000	434,000

Steinhoff UK Holdings Limited

Notes (continued)

13 Stocks

	2002 £	2001 £
Goods for resale	2,034,728	3,209,486

14 Debtors

	2002 £	2001 £
Group		
Due within one year:-		
Trade debtors	2,289,944	2,224,969
Other debtors	-	414
Amounts owed by group undertakings	303,845	93,604
Prepayments and accrued income	263,138	287,058
	2,856,927	2,606,045
Due after more than one year:-		
Amounts owed by group undertakings	-	431,366
	2,856,927	3,037,411
Company		
Due within one year:-		
Amounts owed by group undertakings	4,121	-
Other debtors	-	22
	4,121	22
Due after more than one year:-		
Amounts owed by group undertakings	5,542,555	-
	5,546,676	22

15 Creditors: amounts falling due within one year

	2002 £	2001 £
Group		
Bank overdraft	334,355	10,022
Obligations under hire purchase and finance lease contracts	28,291	52,383
Trade creditors	549,841	130,689
Amounts owed to group undertakings	2,454,451	3,428,283
Other taxes and social security	72,446	19,940
Other creditors	814	12,515
Accruals and deferred income	99,647	190,558
	3,539,845	3,844,390
Company		
Bank overdraft	334,355	10,022
Trade creditors	9,000	-
Amounts owed to group undertakings	4,283	-
Other creditors	-	2,000
	347,638	12,022

Steinhoff UK Holdings Limited

Notes (continued)

16 Creditors: amounts falling due after one year

	2002 £	2001 £
Group		
Obligations under hire purchase and finance lease contracts	64,722	42,388
Amounts owed to group undertakings	5,783,903	4,776,605
	<u>5,848,625</u>	<u>4,818,993</u>
Company		
Amounts owed to group undertakings	<u>5,642,431</u>	<u>445,003</u>

17 Obligations under hire purchase and finance leases

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts are analysed as follows:-		
Current obligations	28,291	52,383
Obligations due between one and five years	64,722	42,388
	<u>93,013</u>	<u>94,771</u>

18 Deferred taxation

No provision for deferred taxation is required at 30 June 2002 (2001: nil).

The elements of deferred taxation are as follows:-

	2002 £	2001 £
Accelerated capital allowances	23,792	15,175
Other timing differences	(23,792)	(1,180)
Tax losses	-	(13,995)
	<u>-</u>	<u>-</u>

Unrecognised deferred tax (asset)/liability

	2002 £	2001 £
Other timing differences	(20,145)	37,884
Tax losses	(970,029)	(65,351)
	<u>(990,174)</u>	<u>(27,467)</u>

As a result of the company's recent trading record taxable losses have arisen which are available for offset against future taxable profits of the company and certain profits of other Steinhoff International Holdings Limited group companies in the UK.

A deferred tax asset has not been recognised as the company does not anticipate taxable profits arising in the short term and the value and availability of group relief is not yet confirmed.

Steinhoff UK Holdings Limited

Notes (continued)

19 Share capital

	2002 £	2001 £
Authorised:		
100 (2001: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid:		
100 (2001: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

20 Reserves

	2002 £	2001 £
Group		
Profit and loss account		
At 1 July	(50,144)	(1,132,774)
Retained (loss)/profit for the financial year	<u>(3,439,178)</u>	<u>1,082,630</u>
As at 30 June	<u>(3,489,322)</u>	<u>(50,144)</u>
Company		
Profit and loss account		
At 1 July	(23,133)	-
Retained profit/(loss) for the financial year	<u>13,640</u>	<u>(23,133)</u>
As at 30 June	<u>(9,493)</u>	<u>(23,133)</u>

21 Reconciliation of operating profit to operating cash flows

	2002 £	2001 £
Operating (loss)/profit	(2,997,460)	1,574,363
Depreciation	188,273	191,748
Amortisation and diminution in value of goodwill	229,805	12,095
Profit on sale of tangible fixed assets	16,732	11,595
Movement in stocks	1,174,758	187,735
Movement in debtors	189,989	2,438,285
Movement in creditors	<u>(4,270,089)</u>	<u>(3,775,613)</u>
Net cash (outflow)/inflow from operating activities	<u>(5,467,992)</u>	<u>640,208</u>

Steinhoff UK Holdings Limited

Notes (continued)

22 Analysis of cash flows for headings netted in the cash flow statement

	2002 £	2001 £
Returns on investments and servicing of finance		
- interest paid	(171,699)	(467,297)
- interest element of finance lease rental payments	(7,273)	(10,612)
	<u>(178,972)</u>	<u>(477,909)</u>
- interest received	1,165	-
Net cash inflow from returns on investments and servicing of finance	<u>(177,807)</u>	<u>(477,909)</u>
Capital expenditure and financial investment		
- purchase of tangible fixed assets	(166,309)	(210,489)
- sale of tangible fixed assets	37,529	58,814
Net cash outflow for capital expenditure and financial investment	<u>(128,780)</u>	<u>(151,675)</u>
Financing		
- new loan from parent company	5,542,555	-
- capital element of finance leases	(61,985)	(30,969)
	<u>5,480,570</u>	<u>(30,969)</u>

23 Analysis of changes in net funds

	At 1 July 2001 £	Cash flow £	Non-cash changes £	At 30 June 2002 £
Cash at bank and in hand	433,835	(113,046)	-	320,789
Overdrafts	(10,022)	(324,333)	-	(334,355)
	<u>423,813</u>	<u>(437,379)</u>	<u>-</u>	<u>(13,566)</u>
Finance leases	(94,771)	61,985	(60,227)	(93,013)
	<u>329,042</u>	<u>(375,394)</u>	<u>(60,227)</u>	<u>(106,579)</u>

24 Pension scheme

The company operates defined contribution pension schemes. The assets of the schemes are held in separately administered funds independent from those of the company.

The total pension cost for the company during the year was £46,765 (2001: £65,212).

Steinhoff UK Holdings Limited

Notes (continued)

25 Lease commitments

At 30 June 2002 the company had annual commitments under non-cancellable operating leases as set out below:-

	2002 £	2001 £
Land and buildings		
Leases expiring:		
After five years	<u>875,000</u>	<u>260,000</u>
Other assets		
Leases expiring:		
Between two and five years	<u>19,206</u>	<u>-</u>

26 Related party disclosures

The company is controlled by Steinhoff Europe AG the intermediate holding company, a company incorporated in Switzerland. The ultimate controlling party is Steinhoff International Holdings Limited, the ultimate holding company, which is incorporated in the Republic of South Africa.

During the year exceptional operating income was received from two non-group companies and totalled £3,289,970 (2001: £7,318,520). The amounts related to the refund of costs, expenses and loan interest incurred by the company in establishing its business in the UK. The amounts are payable by two companies, BS Beteiligungs-und Verwaltungs GmbH and Bruno Steinhoff Immobilien Verwaltungs- und Beteiligungs GmbH, established and owned by Mr Steinhoff, the former owner of Steinhoff Germany GmbH, under a warranty agreement relating to the sale of that organisation to Steinhoff International Holdings Limited and its subsequent flotation on the Johannesburg Stock Exchange. Mr Steinhoff is now the Chairman of Steinhoff International Holdings Limited.

27 Ultimate holding company

The company is a subsidiary undertaking of Steinhoff International Holdings Limited, which is the ultimate parent company and is incorporated in The Republic of South Africa.

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

28 Principal operating subsidiaries

Name of company	County of incorporation	Details of investments	Share capital held	Principal activities
Steinhoff UK Furniture Limited	England	200 ordinary £1 shares	100%	Importers and distributors of furniture
Spearhead Upholstery Limited	England	100,000 ordinary £1 shares	100%	Dormant