

DUNELM ESTATES LIMITED

Annual Report and Financial Statements

Registered number 04708269

52 weeks ended

29 June 2019



Company information

Directors	Nicholas Wilkinson William Adderley Laura Carr (appointed on 29.11.2018) Steve Barton
Secretary	Dawn Durrant
Company number	04708269
Registered office	Watermead Business Park Syston Leicestershire LE7 1AD
Independent auditors	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT

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Strategic Report

The Directors present their strategic report together with the Directors' report and the audited financial statements on the Company for the period ended 29 June 2019.

Principal activities

The principal activity of the Company was the letting of property.

Business review and future development

The Company's net assets were transferred to Dunelm (Soft Furnishings) Limited a, fellow group Company, on 29th June 2019. After this date the Company is not expected to trade.

Principal risks and uncertainties

From the perspective of the Company, its principal risks and uncertainties are intergrated with the principal risks of Dunelm Group plc and its subsidiaries ('the group') of which the Company is a member and not managed separately. The principal risks of the Group are disclosed in the consolidated financial statements of Dunelm Group plc which does not form part of this report.


Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

On behalf of the Board



Laura Carr
Director
4 September 2019



Watermead Business Park
Syston
Leicestershire
LE7 1AD

Directors' Report

The Directors present their report together with the strategic report and audited financial statements for the period ended 29 June 2019.

Results and dividends

On 29th June 2019, the group transferred its trade and net assets to Dunelm (Soft Furnishings) Limited, a fellow group Company, at book value.

The profit for the financial period was £3,765,000 (2018: profit of £3,455,000).

No dividends were paid to Dunelm Limited (2018:£Nil).

Directors

The Directors of the Company who were in office during the period and up to the date of signing the financial statements were:

Nicholas Wilkinson
William Adderley
Laura Carr (appointed on 29.11.2018)
Steve Barton

Going concern

The Directors have made appropriate enquiries and formed a judgement at the time of approving the financial statements that it is appropriate to adopt the going concern basis of accounting in preparing the financial information. The Company has ceased trading as at 29th June 2019, however it is expected to remain part of the group for the foreseeable future.

Political and charitable contributions

The Company made no political or charitable contributions during the financial period.

Treasury and Risk Management

The Company's approach to treasury and financial risk management is explained in note 15.

Future developments

These have been discussed in the Strategic Report.

Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each 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 auditors are aware of that information.

Directors' Report *(continued)*

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the Board



Laura Carr
Director

4 September 2019

Watermead Business Park
Syston
Leicestershire
LE7 1AD

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial 52 week period. Under that law the Directors have prepared 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

On behalf of the Board



Laura Carr
Director
4 September 2019

Watermead Business Park
Syston
Leicestershire
LE7 1AD

Independent auditors' report to the members of Dunelm Estates Limited

Report on the audit of the financial statements

Opinion

In our opinion, Dunelm Estates Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 29 June 2019 and of its profit and cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 29 June 2019; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of Dunelm Estates Limited *(continued)*

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 29 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Independent auditors' report to the members of Dunelm Estates Limited *(continued)*

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Dunelm Estates Limited *(continued)*

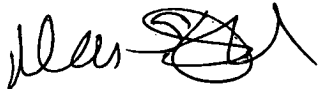
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Skedgel (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
4 September 2019

Statement of comprehensive income
for the 52 weeks period ended 29 June 2019

	Note	2019 52 weeks £'000	2018 52 weeks £'000
Revenue	3	7,125	6,987
Gross profit		7,125	6,987
Operating costs		(1,687)	(1,675)
Operating profit	4	5,438	5,312
Financial expense	5	(1,284)	(1,315)
Profit before tax		4,154	3,997
Taxation	7	(389)	(542)
Profit and total comprehensive income for the period		3,765	3,455

Statement of cash flows
for the period ended 29 June 2019

There were no cash movements during the period (2018: £Nil) for the Company as any cash transactions were executed by Dunelm (Soft Furnishings) Limited on behalf of the Company. As a result no statement of cash flows has been presented in these financial statements.

Statement of financial position

as at 29 June 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Investment property	9	-	77,357
Investment in subsidiary	10	-	-
		<u>-</u>	<u>77,357</u>
Current assets			
Trade and other receivables	11	15,096	524
Total assets		<u>15,096</u>	<u>77,881</u>
Current liabilities			
Trade and other payables	12	(682)	(66,339)
Liability for current tax payable		-	(525)
		<u>(682)</u>	<u>(66,864)</u>
Non-current liabilities			
Deferred tax liability	13	-	(368)
Total liabilities		<u>(682)</u>	<u>(67,232)</u>
Net assets		<u>14,414</u>	<u>10,649</u>
Equity			
Share capital	14	-	-
Retained earnings		14,414	10,649
Total equity		<u>14,414</u>	<u>10,649</u>

The financial statements on pages 9 to 20 were approved by the Board of Directors on 4 September 2019 and were signed on its behalf by:



Laura Carr
Director

Company number 04708269

Statement of changes in equity
for the 52 weeks period ended 29 June 2019

	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 1 July 2017	-	7,194	7,194
Total comprehensive income for the period	-	3,455	3,455
As at 30 June 2018	-	10,649	10,649
Total comprehensive income for the period	-	3,765	3,765
As at 29 June 2019	-	14,414	14,414

The notes on pages 12 to 20 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

Basis of preparation

Dunelm Estates Limited (the "Company") is a Company incorporated and domiciled in the UK. Dunelm Estates Limited is a private Company, limited by shares. The registered office is Watermead Business Park, Syston, Leicestershire, LE7 1AD.

The Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The annual financial statements are prepared under the historical cost convention. The financial statements are prepared in pounds sterling, rounded to the nearest thousand.

Going concern

The Directors have made appropriate enquiries and formed a judgement at the time of approving the financial statements that it is appropriate to adopt the going concern basis of accounting in preparing the financial information. The company has ceased trading as at 29th June 2019, however it is expected to remain part of the group for the foreseeable future.

Use of estimates and judgements

The presentation of the annual financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Directors consider that there are no material estimates or judgments in these financial statements.

Consolidation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Investments

Investments in subsidiary undertakings are stated at the cost of the investment.

Investment Property

Owned assets

Items of property are stated at cost less accumulated depreciation (see below) and impairment losses.

Where parts of an item of property, have different useful lives, they are accounted for as separate items of property.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property. Land is not depreciated. The estimated useful lives are as follows:

Notes to the financial statements *(continued)*

Depreciation *(continued)*

- Freehold buildings 50 years

The residual value of an asset, if significant, is reassessed annually.

Lessor accounting – operating leases

Assets acquired and held for use under operating leases are recorded as fixed assets and are depreciated on a straight line basis to their estimated residual values over their estimated useful lives. Operating lease income is recognised on a straight line basis to the date of the next rent review.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and then carried at amortised cost net of impairment provisions.

Borrowings and borrowing costs

Interest-bearing loans are recorded at fair value. Borrowing costs are recognised as an expense in the financial period in which they are incurred.

Borrowings are classed as current liabilities unless the Company has an unconditional right to defer settlement of the liability for greater than 12 months from the statement of financial position date.

Impairment excluding investment properties and deferred tax assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment; a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Revenue

Revenue represents rent receivable on investment properties let to other companies.

Expenses

Financial expenses

Financial expenses comprise interest payable to Group undertakings.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax represents the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, together with any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recognised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be recognised.

Notes to the financial statements *(continued)*

IFRS 15 'Revenue from contracts with customers'

The Company has adopted IFRS 15 'Revenue from contracts with customers' for the first time in the current financial year. This standard does not have a material impact on the financial statements of the Company.

IFRS 9 'Financial instruments'

The Company has adopted IFRS 9 'Financial instruments' for the first time in the current financial year. This standard does not have a material impact on the financial statements of the Company.

New standards and interpretations

IFRS 16 'Leases', will be effective from the period ending 27 June 2020 onwards. This is not expected to have a material impact on the Company.

2. Group reorganisation

On 29th June 2019, the trade and net assets of Dunelm Estates Limited were transferred to another Group Company, Dunelm (Soft Furnishings) Limited, the main trading entity of the Group. All assets and liabilities were transferred at book value.

3. Rental Income

The Company has one reportable segment, property rental income.

The chief operating decision maker is the Board of Directors. Internal management reports are reviewed by them on a monthly basis. Performance of the segment is assessed based on profit before interest and taxation.

All material operations of the reportable segment are carried out in the UK. The Company's revenue was driven by the rental of its properties.

4. Operating profit

Operating profit is stated after charging the following items:

	2019 52 weeks £'000	2018 52 weeks £'000
Depreciation of property	1,582	1,559

Auditor's remuneration of £7,000 (2018:£7,000) was borne by Dunelm (Soft Furnishings) Limited, another group Company. No recharge is made to the Company (2018: £Nil).

5. Financial expenses

	2019 52 weeks £'000	2018 52 weeks £'000
Interest on loans from Group companies	1,284	1,315

Notes to the financial statements *(continued)*

6. Directors' remuneration and employees

The Directors received no remuneration (2018: £Nil) in respect of their services to the Company. The remuneration of the Directors was borne by Dunelm (Soft Furnishings) Limited, another group company. No recharge is made to the Company (2018: £Nil).

There were no employees of the Company in the period (2018: £Nil).

7. Taxation

	2019 52 weeks £'000	2018 52 weeks £'000
Current taxation		
UK corporation tax charge for the period	377	525
Deferred taxation		
Origination of temporary differences	12	17
	12	17
Total tax expense	389	542
	2019 52 weeks £'000	2018 52 weeks £'000
Profit before taxation	4,154	3,997
UK corporation tax at standard rate of 19% (2018:19%)	789	759
Factors affecting the charge in the period:		
Depreciation on ineligible assets	282	277
Adjustments in respect of prior periods	1	-
Group relief	(682)	(492)
Effect of standard rate of corporation tax change	(1)	(2)
	389	542

Factors that may affect future current and total tax charges

The UK Government has substantively enacted reductions in future tax rates by 2% to 17% from 1 April 2020.

8. Dividends

No dividends have been paid for the period to 29 June 2019 (2018: £Nil).

Notes to the financial statements *(continued)*

9. Investment Property

	Freehold land and buildings £'000
Cost	
At 1 July 2017	87,318
Additions	2,064
At 30 June 2018	89,382
Additions	35
Disposed to fellow group company	(89,417)
At 29 June 2019	-
Accumulated depreciation	
At 1 July 2017	10,466
Charge for the financial period	1,559
At 30 June 2018	12,025
Charge for the financial period	1,582
Disposed to fellow group company	(13,607)
At 29 June 2019	-
Net book value	
At 1 July 2017	76,852
At 30 June 2018	77,357
At 29 June 2019	-

On 29th June 2019 all assets were transferred to Dunelm (Soft Furnishings) Limited, a fellow group Company.

Notes to the financial statements *(continued)*

10. Investment in subsidiary

	£
As at 30 June 2018	100
Disposed to fellow group company	(100)
As at 29 June 2019	-

The Company previously held 100% share capital of Zoncolan Limited and sold this to Dunelm (Soft Furnishings) Limited on 29th June 2019. This transaction was settled via intercompany at book value and therefore resulted in no profit or loss on disposal.

11. Trade and other receivables

	2019 £'000	2018 £'000
Prepayments and accrued income	-	518
Amounts owed by group undertakings	15,096	3
Other taxation and social security	-	3
	15,096	524

Interest is charged on the Company's interest-bearing loans and borrowings at 2% pa. The balance is repayable on demand.

12. Trade and other payables

	2019 £'000	2018 £'000
Current		
Accruals and deferred income	-	1,675
Other taxation and social security	-	10
Amounts due to group undertakings	682	64,654
Total current trade and other payables	682	66,339

Interest is charged on the Company's interest-bearing loans and borrowings at 2% pa. The balance is repayable on demand. For more information about the Company's exposure to interest rate risk, see note 15.

Notes to the financial statements *(continued)*

13. Deferred tax liabilities

Deferred tax is calculated in full on temporary differences under the liability method using a taxation rate of 17% (2018: 17%).

Deferred tax liabilities are attributable to the following:

	Liabilities	
	2019	2018
	£'000	£'000
Property	-	(368)

Movement in deferred tax during the period

	Balance at 30 June 2018 £'000	Recognised in income £'000	Transfer to Group Company £'000	Balance at 29 June 2019 £'000
Property	(368)	(12)	380	-

14. Share capital

	2019	2018
	£	£
Ordinary shares of £1 each:		
Allotted, called up and fully paid	100	100

Notes to the financial statements *(continued)*

15. Financial risk management

The Board of Directors of Dunelm Group plc has overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risks is maintained and reviewed quarterly by the Group Board, who also monitors the status of agreed actions to mitigate key risks.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

However, the liability is an arm's length cash loan from an associated company which while it could be repayable on demand is more likely to be repaid over several years at a rate within earnings capacity of the unit.

Interest rate and foreign currency risk

All interest bearing borrowings are from group companies and denominated in sterling.

Fair values

Assets and liabilities are held at amortised cost, which are equivalent to their carrying values.

Capital management

The Group's policy is to maintain a strong capital base of subsidiary companies so as to maintain investor, creditor and market confidence and to sustain future development of the business.

16. Operating leases

The future minimum lease income under non-cancellable operating leases was as follows:

	2019	2018
	Land and buildings	Land and buildings
	£'000	£'000
Within one year	-	6,418
In the second to fifth year inclusive	-	19,333
After five years	-	13,293
	<u>-</u>	<u>39,044</u>

Notes to the financial statements *(continued)*

17. Related parties

The Company has a related party relationship with its holding Company and other Group Companies, and also with its Directors.

Transactions between the Company and its related parties were as follows:

	Ultimate parent company		Other Group companies	
	2019	2018	2019	2018
	52 weeks	52 weeks	52 weeks	52 weeks
	£'000	£'000	£'000	£'000
Sale of rental services	-	-	7,103	6,961
Net interest paid	(13)	(13)	(1,271)	(1,302)
	(13)	(13)	5,832	5,659

	Ultimate parent company		Other Group companies	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Balances receivable from	-	-	15,096	3
Balances payable to	(682)	(669)	-	(63,985)
	(682)	(669)	15,096	(63,982)

18. Ultimate parent Company

The Company is a subsidiary undertaking of Dunelm Limited. Dunelm Group plc is the ultimate parent Company incorporated in England and Wales. The Director considers that the ultimate controlling party is the Adderley family by virtue of their combined shareholding. The largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is the Dunelm Group plc accounts.

Copies of the Dunelm Group plc financial statements are available from the Company Secretary, Dunelm Group plc, Watermead Business Park, Syston, Leicestershire, LE7 1AD, or the group corporate website.