WPC 2 Limited

Financial Statements

For the year ended 31 December 2018

Registered Number: 07611002

Contents

Administrative information

Director

J D Weight

Auditor

Ernst and Young LLP
25 Churchill Place,
London
E14 5EY

Banker

C. Hoare & Co
37 Fleet Street
London
EC4P 4DQ

Solicitor

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Registered Office

Francis House
11 Francis Street
London
SW1P 1DE

Registered Number

07611002

Strategic Report

The Director presents the strategic report for the year ended 31 December 2018.

Review of the business

The principal activity of WPC 2 Limited, the "Company" is that of a Holding Company. The director does not see any change in the nature of this activity going forward.

Net assets

The Company had net assets of £5,599,446 as at 31 December 2018 (as at 31 December 2017: £6,166,461).

Key Performance Indicators

The Company's key financial performance indicators during the period were as follows:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Dividend income	2,549,911	3,100,774

Principal risk and uncertainties

The main risks arising from the Company's operations include credit risk, market risk and liquidity risk.

The director reviews and agrees policies for managing each of these risks and they are summarised below.

Credit Risk

The carrying amount of the investments held at fair value best represents the maximum exposure to credit risk for the Company. No issues have been identified with the credit quality of the financial assets.

Market risk

Market risk is the loss in value of financial assets and liabilities due to changes in market conditions.

All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The main component of Market risk is Price risk which is the risk of volatility in financial instruments because of changes in, for example, commodity prices or equity prices.

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient cash or collateral to make payments to its counterparties and customers as they fall due.

This report was approved by the board on 24 September 2019 and signed on its behalf by

J D Weight

Director

Director's report

The director presents this report and the audited financial statements for the year ended 31 December 2018.

Results and dividends

The Statement of Comprehensive Income is set out on page 8 and shows the profit for the year ended 31 December 2018 of £1,977,896 (year to 31 December 2017: £2,461,077). During the year ended 31 December 2018 dividends of £2,549,911 (year ended 31 December 2017: £3,100,774) have been proposed and paid.

Director

The sole director of the Company during the year and up to the date of this report was J D Weight.

Going concern

The director is satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, the going concern basis has been adopted for preparing the financial statements.

Future developments

The director confirms that the Company will continue as a Holding Company and will generate dividends from its holding in BXC UK Limited.

Statement of director's responsibilities

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

Director's report (continued)

Provision of information to auditors

The director at the time this Director's report is approved has confirmed that:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- The director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 24 September and signed on its behalf by

J D Weight

Director

Independent auditor's report

Opinion

We have audited the financial statements of WPC 2 Limited for the year ended 31 December 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the related notes 1 to 12, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

Other information

The other information comprises the information included in the annual report set out on pages 1 - 4, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard

Independent auditor's report (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of the director

As explained more fully in the director's responsibilities statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report (continued)

Use of our report

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.

Ahmer Huda (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 Sept 2019

Statement of Comprehensive Income

	Notes	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Dividend income	2	2,549,911	3,100,774
Fair value movement on investment	3	(567,015)	(639,697)
Administrative expenses		(5,000)	-
Profit before tax		**1,977,896**	**2,461,077**
Tax		-	-
Profit for the year		**1,977,896**	**2,461,077**
Total comprehensive income for the year		**1,977,896**	**2,461,077**

There were no recognised gains or losses for the year ended 31 December 2018 or the year ended 31 December 2017 other than those included in the Income Statement.

Notes 1-14 form an integral part of these financial statements

Statement of Financial Position

Company Number: 07611002.

	Notes	As at 31 December 2018	As at 31 December 2017
		£	£
Assets			
Non current assets			
Investments at fair value through profit or loss	3	5,635,872	6,202,887
Current assets			
Debtors	4	1,274	248
Cash	5	7,300	8,326
		8,574	8,574
Current Liabilities			
Creditors: amounts falling due within one year	6	(50,000)	(45,000)
		(50,000)	(45,000)
Net current liabilities		(41,426)	(36,426)
Net assets		**5,594,446**	**6,166,461**
SHAREHOLDERS EQUITY			
Share capital	7	101	101
Profit and loss account	8	5,594,345	6,166,360
		5,594,446	**6,166,461**

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the financial statements.

The financial statements were approved and authorised for issue by the board on 24 SEPTEMBER 2019 and were signed on their behalf by

J D Weight

Director

Notes 1-14 form an integral part of these financial statements

Statement of Cash flows

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Cash flows from operating activities		
Profit for the financial year	1,977,896	2,461,077
Adjustments for:		
(Increase) / decrease in debtors	(1,026)	1
Increase in creditors	5,000	-
Net fair value losses recognised in profit and loss	567,015	639,697
Cash inflows from operating activities	**2,548,885**	**3,100,775**
Cash flows from financing activities		
Dividends paid	(2,549,911)	(3,100,774)
Net cash outflow from financing activities	(2,549,911)	(3,100,774)
Net increase in cash and cash equivalents	**(1,026)**	**1**
Cash and cash equivalents at the start of the year	8,326	8,325
Cash and cash equivalents at the end of the year	**7,300**	**8,326**

Notes 1-14 form an integral part of these financial statements

Statement of Changes in Equity

	Share Capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2018	101	6,166,360	6,166,461
Profit and loss account	-	1,977,896	1,977,896
Dividends	-	(2,549,911)	(2,549,911)
At 31 December 2018	101	5,594,345	5,594,446

	Share Capital £'000	Profit and loss account £'000	Total £'000
As at January 2017	101	6,806,057	6,806,158
Profit and loss account	-	2,461,077	2,461,077
Dividends	-	(3,100,774)	(3,100,774)
At 31 December 2017	101	6,166,360	6,166,461

Notes 1-14 form an integral part of these financial statements

Notes to the financial statements

1. Accounting policies

Statement of Compliance

WPC 2 Ltd is a limited company incorporated in England and Wales. The registered office is Francis House, 11 Francis Street, London, SW1P 1DE.

The accounts have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2018.

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the applicable accounting standards. The financial statements are prepared in sterling (£) which is the functional currency of the company.

Under FRS 102.9.9 all subsidiary companies are excluded from consolidation on the ground that the companies are held exclusively with a view to subsequent resale as part of an investment portfolio.

Dividends

Dividend income is recognised when the shareholders right to receive payment is established.

Investment income

Investment income represents dividend amounts receivable from BXC UK Limited.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Financial instruments

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

A financial liability is initially recognised at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at cost.

Debtors

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Creditors

Creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at the undiscounted amount payable.

Investments at fair value through profit and loss

Investments are valued at fair value, with all valuation movements being recognised in the Statement of Comprehensive Income. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair values of the investments that are not traded in an active market have been determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each Balance Sheet date.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction at the measurement date. The fair value of investments is based on quoted prices, where available. Where quoted prices are not available, the fair value is estimated in line with industry standard valuation guidelines such as the International Private Equity and Venture Capital valuation guidelines (December 2015) for direct investments in portfolio companies. These valuation techniques can be subjective and include assumptions which are not supportable by observable data. Given the subjectivity of the direct investments in portfolio companies the valuations are approved by an Investment Committee. Earnings based valuation techniques are the most commonly used for estimating fair value of direct investments in portfolio companies, along with Discounted Cash Flow models and net asset values. EBITDA is the most common measure for earnings and the earnings multiple is derived from comparable listed companies or relevant precedent transaction multiples. We adjust for relative performance in the set of comparable, exit expectations and other company specific factors.

Judgements and critical accounting estimates

Valuation of investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in the Statement of Comprehensive Income. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

The investments are carried at fair value with all valuation movements being recognised in the Statement of Comprehensive Income.

The values assigned to investments are based upon available information and do not necessarily represent amounts that might ultimately be realised. Because of the inherent uncertainty of valuations, estimated carrying values may differ significantly from the values that would have been realised had a ready market for the investments existed, and these differences could be material. Unrealised gains or losses on investments are dealt with in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances with an original maturity of less than three months.

2. Investment income

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Dividends received from BXC UK Limited	2,549,911	3,100,774

Notes to the financial statements (continued)

3. Investments

As at 31 December 2018

	Fair value at 1 January 2018	Addition during the year	Revaluation during the year	Fair value at 31 December 2018
	£	£	£	£
Other equity investments	6,202,887	-	(567,015)	5,635,872

As restated at 31 December 2017

	Fair value at 1 January 2017	Addition during the year	Revaluation during the year	Fair value at 31 December 2017
	£	£	£	£
Other equity Investments	6,842,584	-	(639,697)	6,202,887

The company holds a non-controlling share of the economic shares in BXC UK Limited.

4. Debtors

	As at 31 December 2018	As at 31 December 2017
	£	£
Amounts due from related undertakings	1,274	248

5. Cash and cash equivalents

	As at 31 December 2018	As at 31 December 2017
	£	£
Cash and cash equivalents	7,300	8,326

Notes to the financial statements (continued)

6. Creditors: amounts falling due within one year

	As at 31 December 2018 £	As at 31 December 2017 £
Other loans payable	45,000	45,000
Audit fees	5,000	-
	50,000	45,000

7. Share Capital

	As at 31 December 2018 £	As at 31 December 2017 £
1 special £1 share	1	1
80 ordinary £1 D Shares	80	80
20 ordinary £1 E Shares	20	20
	101	101

8. Reserves

Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior periods less any dividends paid and non-distributable reserves.

Non-distributable reserves

Non-distributable reserves consist of any unrealised gains or losses on the investments. Gains and losses are only distributable when realised.

Notes to the financial statements (continued)

9. Financial Instruments

Financial assets measured at amortised cost	As at 31 December 2018 £	As at 31 December 2017 £
Amounts due from related undertakings	1,274	248
	1,274	248

Financial assets measured at fair value through profit or loss	As at 31 December 2018 £	As restated at 31 December 2017 £
Investments at fair value through profit or loss	5,635,872	6,202,887

10. Financial Instruments (continued)

Financial liabilities that are debt instruments measured at the undiscounted amount payable	As at 31 December 2018 £	As at 31 December 2017 £
Other loans payable	45,000	45,000
	45,000	45,000

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

Fair value gains and losses	Year ended 31 December 2018 £	Year ended 31 December 2017 £
	(567,015)	(639,697)
Investments held at fair value through profit or loss	(567,015)	(639,697)

11. Controlling party

The ultimate controlling party is J D Weight.

12. Related party transactions

As at 31 December 2018 £45,000 (as at 31 December 2017: £45,000) was payable to Weight Partners Corporate Limited, a shareholder in the Company. No interest was accrued on the outstanding principal during the year.

Dividends of £2,549,911 (year ended 31 December 2017: £3,100,774) were received during the year from BXC UK Limited in respect of the Company's investment in promote and economic shares. J D Weight is a director of BXC UK Limited.

<u>Key management personnel</u>

The director who has authority and responsibility for planning, directing and controlling the activities of the Company is considered to be key management personnel.

There was no remuneration in respect of this individual during the year (31 December 2017: £nil).