

REGISTERED NUMBER: 08868065 (England and Wales)

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

FOR

WA CAPITAL INVESTMENTS LIMITED

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FOR THE YEAR ENDED 30 JUNE 2017**

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WA CAPITAL INVESTMENTS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2017**

DIRECTORS:

Mr W L Adderley
Mr D L Wright

REGISTERED OFFICE:

Two Marlborough Court
Watermead Business Park
Syston
Leicestershire
LE7 1AD

REGISTERED NUMBER:

08868065 (England and Wales)

INDEPENDENT AUDITORS:

KPMG LLP
Statutory Auditor, Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

WA CAPITAL INVESTMENTS LIMITED (REGISTERED NUMBER: 08868065)

**BALANCE SHEET
30 JUNE 2017**

	Notes	30/6/17 £	30/6/16 £
FIXED ASSETS			
Investments	3	108,270,000	-
CURRENT ASSETS			
Debtors	4	5,000	-
Cash at bank		<u>12,842,710</u>	<u>1</u>
		12,847,710	1
CREDITORS			
Amounts falling due within one year	5	(167,013,379)	-
NET CURRENT (LIABILITIES)/ASSETS		<u>(154,165,669)</u>	<u>1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(45,895,669)</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital		1	1
Retained earnings		<u>(45,895,670)</u>	<u>-</u>
		<u>(45,895,669)</u>	<u>1</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with section 1A of Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In accordance with Section 444 of the Companies Act 2006, the Profit and loss account has not been delivered.

The financial statements were approved by the Board of Directors on 21 December 2017 and were signed on its behalf by:

Mr W L Adderley - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. STATUTORY INFORMATION

WA Capital Investments Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements were prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014, and with the Companies Act 2006 (as applicable to companies subject to the small companies' regime). The changes to FRS 102 issued in September 2015 effective for periods beginning on or after 1 January 2016 have been adopted and therefore, as a small company the financial statements have been prepared under section 1A the small entities regime of FRS 102.

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £45,895,669 and a current year loss of £45,895,670. The directors are of the opinion that the company has adequate resources to continue in operational existence for the foreseeable future. In the company's financial covenant calculation, the indebtedness excludes any intercompany loan. The company's banker holds the company's share portfolio plus cash as collateral against the lending. The Directors are confident that there is sufficient margin between the current value of the shares and the price at which the bank facility would be recalled. On this basis they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial risk management including derivatives, objectives, forward fixed rate currency contracts and policies

The company uses financial instruments, comprising loans, cash and other liquid resources and various other items such as trade debtors, creditors and finance arrangements that arise directly from its operations. The main purpose of these financial instruments is to raise finance for its operations. The main issues arising from the company's financial instruments are liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from the previous period.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by negotiating adequate facilities from the companies bankers and other lenders as well as its parent company WA Capital Limited.

Interest rate risk

The company finances its operations through a mixture of intercompany loans and bank borrowings. The Companies regularly reviews its exposure to interest rate fluctuations.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017**

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial instruments are recognised in balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments and derivatives, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017**

2. ACCOUNTING POLICIES - continued

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss. Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017

3. FIXED ASSET INVESTMENTS

	Listed investments £
COST OR VALUATION	
At 1 July 2016	-
Additions	157,500,000
Revaluations	<u>(49,230,000)</u>
At 30 June 2017	<u>108,270,000</u>
NET BOOK VALUE	
At 30 June 2017	<u>108,270,000</u>

Cost or valuation at 30 June 2017 is represented by:

	Listed investments £
Valuation in 2017	<u>108,270,000</u>

4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30/6/17 £	30/6/16 £
Other debtors	<u>5,000</u>	<u>-</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30/6/17 £	30/6/16 £
Bank loans and overdrafts (see note 6)	63,000,000	-
Amounts owed to group undertakings	103,969,606	-
Accruals and deferred income	43,773	-
	<u>167,013,379</u>	<u>-</u>

In addition to the bank debt which has a security interest granted against the Investments held. The company has loans from its parent company, WA Capital Limited which are unsecured repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017**

6. LOANS

An analysis of the maturity of loans is given below:

	30/6/17 £	30/6/16 £
Amounts falling due within one year or on demand:		
Bank loans	<u>63,000,000</u>	<u>-</u>

7. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

KPMG LLP issued an unqualified auditor's report on the financial statements.

The Senior Statutory Auditor was Ian Borley.

8. RELATED PARTY DISCLOSURES

The company was under the control of WA Capital Limited. Mr W L Adderley is the managing director and majority shareholder of WA Capital Limited.

As the company is a wholly owned subsidiary of WA Capital Limited, the company has taken advantage of the exemption contained within FRS 102 and has not disclosed transactions or balances with entities that form part of the group.

9. POST BALANCE SHEET EVENTS

On the 8th December 2017, WA Capital Investments Limited ("WAC Investments"), received 18,000,000 Dunelm Group PLC ("Dunelm") ordinary shares with a par value of 1 pence each. The transfer was made market value. The shares were transferred from WA Capital Limited ("WA Capital"), WAC Investments parent which holds 100% of the share capital in WAC Investments. There was no change in the ultimate beneficial ownership of the Dunelm shares as a result of this transfer.

As a result of the transfer above, these additional 18,000,000 ordinary shares having a par value of 1 pence each in the capital of Dunelm are subject to the security interest granted by WAC Investments on 20 September 2016 in favour of Barclays Bank plc, as security for any amounts which may be due from time to time under a facility agreement entered into on that date (as amended from time to time). Details of this were announced by Dunelm on 21 September 2016. Accordingly an aggregate of 36,000,000 shares in the Dunelm are now pledged by WAC Investments in favour of Barclays Bank plc.

10. AUDITOR'S REMUNERATION

Auditor's remuneration has been recognised by the company's parent and sole shareholder WA Capital Limited. The costs recognised were for WA Capital Limited and WA Capital Investments Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017

11. FINANCIAL INSTRUMENTS

	Notes	30/6/17 £	30/6/16 £
Financial assets measured at fair value through profit or loss			
Listed investments	8	108,270,000	-
Financial assets that are debt instruments measured at amortised cost			
Other debtors	9	5,000	-
		<u>108,275,000</u>	<u>-</u>
Financial liabilities measured at amortised cost			
Bank loans and overdrafts	10	63,000,000	-
Amount owed to group undertakings	10	103,969,606	-
Accruals	10	43,773	-
		<u>167,013,379</u>	<u>-</u>

Basis for determining fair value

The listed investments are valued at their quoted closing price on the year end date. The listed investments valued at £108,270,000 form the collateral used for the bank margin loan facility in addition to the cash of £12,842,710 held at the year end.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.