

**W H SMITH INTERNATIONAL LIMITED**

**Report and Financial Statements**

**31 August 2006**



# **W H SMITH INTERNATIONAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **CONTENTS**

	<b>Page</b>
<i>Company information</i>	<b>1</b>
<i>Directors' report</i>	<b>2</b>
<i>Statement of directors' responsibilities</i>	<b>4</b>
<i>Independent auditors' report</i>	<b>5</b>
<i>Balance sheet</i>	<b>6</b>
<i>Notes to the accounts</i>	<b>7</b>

# **W H SMITH INTERNATIONAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **COMPANY INFORMATION**

#### **DIRECTORS**

K E Swann  
A J H Stewart  
I Houghton

#### **SECRETARY**

I Houghton

#### **REGISTERED OFFICE**

Greenbridge Road  
Swindon  
Wiltshire  
SN3 3RX

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

# W H SMITH INTERNATIONAL LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 August 2006. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

## ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of WH Smith (Holdings) Limited. Its ultimate parent company being WH Smith PLC.

As part of the group reorganization relating to the demerger of the retail business of WH Smith, Smiths News PLC (formerly Brightway Services Limited) was inserted as a new holding company over the listed parent company, WH Smith Retail Holdings Limited (formerly WH Smith PLC) by way of a Scheme of Arrangement and WH Smith PLC (formerly New WH Smith PLC; formerly Pollquote Limited) was then demerged from Smiths News PLC, effected by a dividend in specie.

## PRINCIPAL ACTIVITIES

The company acts as a holding company for overseas interests. The Board will continue to manage these investments for the foreseeable future.

## RESULTS

No profit and loss account is presented with these financial statements because the company has not received income, incurred expenditure or recognised any gains or losses during the accounting year under review or the preceding accounting year. There have been no movements in shareholders' funds during the accounting year under review or the preceding accounting year.

## DIVIDENDS

The directors do not recommend the payment of a dividend (2005:£nil).

## DIRECTORS AND THEIR INTERESTS

The names of the present directors are shown on page 1. No changes took place in the composition of the Board of Directors between 31 August 2005 and the date of this report.

K E Swann and A J H Stewart are also directors of WH Smith PLC (formerly New WH Smith PLC), their interests in the shares and loan stocks of that company at 31 August 2006 and WH Smith Retail Holdings (formerly WH Smith PLC) at 31 August 2005 are disclosed in the consolidated financial statements of WH Smith PLC and are not required to be recorded in the Register of Directors' Share Interests of this Company.

The directors of this Company at 31 August 2006 had the following beneficial interests in the ordinary shares of WH Smith PLC (formerly New WH Smith PLC) at 31 August 2006 and WH Smith Retail Holdings Limited (formerly WH Smith PLC) at 31 August 2005. As part of the group reorganisation that took place during the year each share in WH Smith Retail Holdings Limited was exchanged for a share in Smiths News PLC and, following the demerger of the WH Smith retail business from Smiths News PLC, WH Smith PLC issued a share for each share held in Smiths News PLC.

Shareholdings	31 August 2006	31 August 2005
I Houghton	30,403	26,269
Deferred Bonus Plan shares	31 August 2006	31 August 2005
I Houghton	-	768

# W H SMITH INTERNATIONAL LIMITED

## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS (continued)

#### Share Options

Ian Houghton had the following interests in options to acquire ordinary shares of WH Smith PLC at 31 August 2006 and WH Smith Retail Holdings Limited at 31 August 2005.

	Scheme	31 August 2006	Granted in the year	Lapsed in the year	Exercised in the year	31 August 2005
I Houghton	Executive Share Option Scheme	184,794	39,512	-	6,335	151,617
	Management Investment Plan	63,529	-	-	-	63,529
	2004 L-TIP	21,176	-	-	-	21,176
	Sharesave Scheme	-	-	-	3,682	3,682
	<b>Total</b>	<b>269,499</b>	<b>39,512</b>	<b>-</b>	<b>10,017</b>	<b>240,004</b>

Further information about WH Smith PLC's share option scheme is detailed in the accounts of WH Smith PLC.

The directors had no other interests in the shares of the company or any other group company at the beginning and end of the year

### ELECTIVE RESOLUTIONS

At an Extraordinary General Meeting of the company held on 27 May 1994, Elective Resolutions were passed dispensing with:

- (i) the laying of accounts and reports before the company in general meeting;
- (ii) the holding of Annual General Meetings; and
- (iii) the obligation to appoint auditors annually.

### AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP will continue in office as auditors.

Approved by the Board of Directors on 14 March 2007.  
Signed on behalf of the Board

I Houghton  
Director

14 March 2007

## W H SMITH INTERNATIONAL LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

United Kingdom company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year 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; 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 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 are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# W H SMITH INTERNATIONAL LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF W H SMITH INTERNATIONAL LIMITED

We have audited the financial statements of WH Smith International Limited for the year ended 31 August 2006, which comprise the Balance Sheet and the related notes 1 to 6. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte & Touche LLP*  
**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom

*17* March 2007

# W H SMITH INTERNATIONAL LIMITED

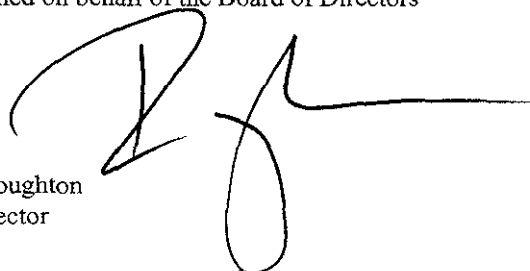
## BALANCE SHEET As at 31 August 2006

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Investments	3	<u>68,754</u>	<u>68,754</u>
<b>CURRENT ASSETS</b>			
Debtors	4	<u>1,127,640</u>	<u>1,127,640</u>
<b>NET CURRENT ASSETS</b>		<u>1,127,640</u>	<u>1,127,640</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,196,394</u>	<u>1,196,394</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		5,000	5,000
Profit and loss account		<u>1,191,394</u>	<u>1,191,394</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>1,196,394</u>	<u>1,196,394</u>

These financial statements were approved by the Board of Directors on 14 March 2007.

Signed on behalf of the Board of Directors

I Houghton  
Director



# W H SMITH INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 August 2006

### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements are prepared in compliance with the Companies Act 1985 and in accordance with applicable United Kingdom law and accounting standards. They are prepared under the historical cost convention. These accounting policies have been applied consistently throughout both the current and preceding periods.

#### Basis of preparation

These financial statements present information for the company as an individual undertaking and not as a group. The financial statements are for the year ended 31 August 2006. Comparative figures are for the year ended 31 August 2005. Consolidated financial statements have not been prepared as the company itself is a wholly owned subsidiary of a company registered in England and Wales.

#### Investments

Investments in subsidiary companies are stated at cost less any provision for impairment.

### 2. PROFIT AND LOSS ACCOUNT

No profit and loss account is presented with these financial statements because the company has not received income, incurred expenditure or recognised any gains or losses during the accounting year under review or the preceding accounting year. There have been no movements in shareholders' funds during the accounting year under review or the preceding accounting year.

The directors were not paid for services provided to the company in the current or previous years. The company had no other employees (2005: none), other than the directors. The remuneration of the auditors has been borne by the parent company during the year and the previous year.

### 3. FIXED ASSET INVESTMENTS

	2006 £	2005 £
Shares at cost and net book value in WH Smith Nederland BV	68,754	68,754

The principal subsidiary companies are set out below.

Held directly	Class of share	Interest %	Country of incorporation
W H Smith Nederland BV	Ordinary	100	Holland
Held indirectly			
W H Smith (France) SA	Ordinary	100	France
Lexicon Book Company Ltd	Ordinary	100	Great Britain
W H Smith PTE Ltd	Ordinary	100	Singapore

W H Smith Nederland BV is the parent company of the other above mentioned companies. All of the above companies are engaged in the activity of retailing.

# W H SMITH INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 August 2006

### 4. DEBTORS

	2006 £	2005 £
Amounts falling due within one year:		
Amounts owed by other group companies	<u>1,127,640</u>	<u>1,127,640</u>

### 5. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3(c) of FRS 8, Related Party Disclosures, not to disclose transactions with WH Smith Group companies and interests of the group which are related parties.

### 6. ULTIMATE PARENT COMPANY

The ultimate parent and controlling company is WH Smith PLC, a company incorporated in Great Britain and registered in England and Wales. This is the smallest and largest group including the company for which consolidated financial statements are prepared. The immediate parent company is WH Smith (Holdings) Limited which is incorporated in Great Britain.

Copies of both sets of financial statements are available from:

The Company Secretary

WH Smith PLC  
Greenbridge Road  
Swindon  
Wiltshire  
SN3 3RX