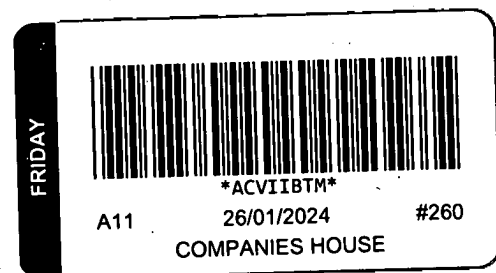


# **W. & G. Foyle Limited**

## **Annual Report and Financial Statements**

**52 weeks ended 29 April 2023**



**W. & G. FOYLE LIMITED**

**REPORT AND ACCOUNTS 2023**

**Company Number: 00945131**

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**COMPANY INFORMATION**

**DIRECTORS**

A J Daunt  
E Hillyard  
K Skipper

**COMPANY SECRETARY**

F Johnston

**REGISTERED OFFICE**

203-206 Piccadilly  
London  
W1J 9HD

**COMPANY NUMBER**

00945131

**AUDITORS**

Ernst & Young LLP  
One Colmore Square  
Birmingham  
B4 6HQ

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****STRATEGIC REPORT****Introduction**

The Directors present the Strategic Report of W. & G. Foyle Limited (the "Company") for the 52 week period ended 29 April 2023.

**Principal activities**

The Company operates a chain of seven bookshops, four of which are in London and the others in Birmingham, Bristol and Chelmsford and also through the Foyles.com e-commerce website. Foyles also sells coffee and food from cafés within some of its shops and hosts a number of public and private publishing events. The Company is part of the Waterstones group of companies (the "Group"). The immediate parent undertaking of the Company is Book Retail Bidco Limited, which is also the immediate parent undertaking of the larger of the Waterstones subsidiaries, Waterstones Booksellers Limited.

**Review of the business**

Foyles continues to seek to improve the standards of bookselling within its shops by the training and enhanced career development of its booksellers and to support this with investment in the shops themselves and the operational infrastructure.

Footfall and sales continue to recover post pandemic, with encouraging growth in London and other metropolitan city centres as tourist numbers increase and workers return to offices. The business has benefited from the increased popularity of reading and for physical bookshops, supported notably by social media and positive press coverage. During the year, disruptions to the central distribution centre, caused by the implementation of a new warehouse management system, impacted sales and resulted in both the temporary elevation of operating costs and reduction in margin. The Company continues to invest in both our people and our shops to improve the standards of bookselling.

The financial statements are made up to the Saturday on or immediately preceding 30 April each year. Consequently, the financial statements for the current period cover the 52 weeks ended 29 April 2023, whilst the comparative period covered the 53 weeks ended 30 April 2022.

Sales for the 52 week period ended 29 April 2023 were £16.8m (53 week period ended 30 April 2022: £17.1m) resulting in an operating profit of £0.9m (2022: £1.9m).

The loss after taxation amounted to £0.5m (2022: profit after taxation amounted to £0.9m). No dividend was paid or declared during the period (2022: £nil) with the loss/ profit being transferred to reserves.

On 6 July 2023, the Board agreed to start the process to hive across the assets and liabilities of the Company into Waterstones Booksellers Limited, a subsidiary of Book Retail Bidco Limited. This is expected to complete in late 2023.

**Key performance indicators ("KPIs")**

The Directors consider the key indications of the performance of the Company, both financial and non-financial, to be turnover, operating profit and adjusted EBITDA and adjusted EBITDA % (earnings before interest, tax, depreciation, amortisation, foreign exchange movements on intercompany loans, management charge income and any one-off exceptional costs) pre IFRS 16 lease accounting.

The KPI's are set out below:

	2023	2022
	£000	£000
Turnover	16,809	17,137
Operating profit	869	1,903
Adjusted EBITDA (Pre IFRS 16 lease accounting)	418	1,072
	%	%
Adjusted EBITDA % (Pre IFRS 16 lease accounting)	2.5	6.3

**W. & G. FOYLE LIMITED**  
**Company Number: 00945131**

**REPORT AND ACCOUNTS 2023**

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**STRATEGIC REPORT (CONTINUED)**

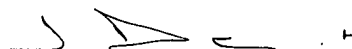
**Principal risks and uncertainties**

The principal risks relevant to the Company are identified as follows:

- (i) the longer term impact of Covid-19 on customers' behaviour, particularly in relation to city centres;
- (ii) the competitive nature of its markets, with particular emphasis on the e-commerce strength of Amazon and developing methods of digital delivery of products and content;
- (iii) the general sensitivity of customer confidence and spending in an economic downturn;
- (iv) the ongoing risk that Brexit causes disruption and cost within the supply chain;
- (v) the seasonality of the business, with the reliance on Christmas performance for a high percentage of annual profitability;
- (vi) maintaining appropriate commercial agreements with key suppliers;
- (vii) the reliability of the Company's and key suppliers' supply chains and increasing costs;
- (viii) a failure to sustain or protect the Company's reputation and brand;
- (ix) the maintenance and development of information technology and logistics systems; and
- (x) attracting, motivating and retaining key staff.

The Directors ensure that management of these principal risks and uncertainties is addressed in the preparation of, and subsequent execution of the Company's strategic and operational plans and policies.

On behalf of the Board



**A J Daunt**  
Director  
Date: 18 October 2023

## **W. & G. FOYLE LIMITED**

## **REPORT AND ACCOUNTS 2023**

**Company Number: 00945131**

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### **DIRECTORS' REPORT**

The Directors submit their report and audited financial statements for the 52 weeks ended 29 April 2023, which were approved on behalf of the Board on 18 October 2023.

On 6 July 2023, the Board agreed to start the process to hive across the assets and liabilities of the Company into Waterstones Booksellers Limited, a subsidiary of Book Retail Bidco Limited. This is expected to complete in late 2023 and as a result the financial statements for the Company have been prepared on a basis other than going concern.

#### **Directors**

The names of the Directors who served throughout the period under review and up to and including the date of this Report are as follows:

A J Daunt  
K Skipper  
E Hillyard (appointed 14 June 2022)  
J Molloy (resigned 14 June 2022)

#### **Company Secretary**

F Johnston was appointed company secretary on 5 December 2022.

None of the Directors or the Secretary in place at the period end had any interests in the Company, nor other group companies, at the beginning of the period or at the end of the period.

#### **Directors' liabilities**

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party provision remains in force as at the date of approving the Directors' Report.

#### **Dividends**

The Company does not have distributable reserves and therefore no dividend was paid or declared during the period (2022: £nil).

#### **Future developments**

The Directors aim to continue the programme of investment and change to secure the future of Foyles as a quality bookselling business.

#### **Subsequent events**

On 6 July 2023, the Board agreed to start the process to hive across the assets and liabilities of the Company into Waterstones Booksellers Limited, a subsidiary of Book Retail Bidco Limited. This is expected to complete in late 2023.

#### **Financial risk factors**

The Company's exposure to, and management of, liquidity risk and credit risk is set out in Note 22. Further information is also included within the going concern section of the Directors' Report.

#### **Employee policies**

The Company operates a decentralised HR function. This provides greater accountability to employees and aids the development of flexible and entrepreneurial book teams that can thrive under the competitive market pressures in which the Company trades. Decentralised employee policies support a flexible local service, improving response times and maximising the use of available resources, whilst minimising costs.

Employees are provided with information about the Company through the intranet site "Watson" where employees are encouraged to present their questions, suggestions and views.

The Company is committed to maintaining and improving an equal and diverse workplace, free from discrimination on the grounds of age, gender, nationality, religion, non-job related disability, sexual orientation or marital status. It also aspires to be an employer of choice and aims to provide opportunities for individuals to develop and contribute through employee forums and focus groups.

**W. & G. FOYLE LIMITED**

**REPORT AND ACCOUNTS 2023**

**Company Number: 00945131**

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**DIRECTORS' REPORT (CONTINUED)**

**Employee policies (continued)**

*Disabled employees*

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

**Donations**

The Company made charitable donations of £25,000 (2022: £11,000) in the period under review. It is Company policy not to make donations to political parties and therefore no political donations were made.

**Auditors**

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- (i) to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- (ii) each Director has taken all steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

A statement of the Directors' responsibilities for the financial statements can be found on page 6, which is deemed to be incorporated by reference in (and shall be deemed to form part of) this report.

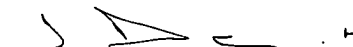
Ernst & Young LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed in the absence of an AGM.

**Going concern**

On 6 July 2023, the Board agreed to start the process to hive across the assets and liabilities of the Company into Waterstones Booksellers Limited, a subsidiary of Book Retail Bidco Limited. This is expected to complete in late 2023 and, for this reason only, the financial statements for the Company have been prepared on a basis other than going concern. This adoption has not resulted in any adjustments.

Notwithstanding the above, the directors have also obtained a letter of support from a parent company, Book Retail Bidco Limited, and based on the undertakings in this letter and an assessment of Book Retail Bidco Limited's financial forecasts to 28 December 2024, are satisfied that financial support would be available, if required, for a period of 12 months from the signing of the financial statements.

On behalf of the Board



**A J Daunt**

Director

Date: 18 October 2023

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

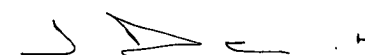
The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors are required to prepare financial statements in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 the financial performance and the cash flows of the Company for that period. In preparing those financial statements, the Directors are required to:

- (i) select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Estimates and then apply them consistently;
- (ii) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- (iii) provide additional disclosures when compliance with the specific requirements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- (iv) state that the Company has complied with International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- (v) make judgements and estimates that are reasonable and prudent; and
- (vi) prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not continue in business.

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 Company financial statements comply with the Companies Act 2006. They 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.

On behalf of the Board

**A J Daunt**

Director

Date: 18 October 2023

**E Hillyard**

Director

Date: 18 October 2023

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W. & G. FOYLE LIMITED**

### **Opinion**

We have audited the financial statements of W. & G. Foyle Limited for the 52 week period ended 29 April 2023 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the statement of changes in equity, the statement of cash flows and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 29 April 2023 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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. 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.

### **Emphasis of matter – financial statements prepared on a basis other than going concern**

We draw attention to note 1 to the financial statements which explains that the directors have commenced the process of transferring the trade and assets of the Company to other group entities subsequent to the period end and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1. Our opinion is not modified in respect of this matter.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 AUDITORS' REPORT TO THE MEMBERS OF W. & G. FOYLE LIMITED (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 directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are 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 directors 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.

### **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.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

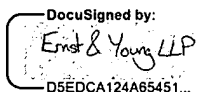
## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF W. & G. FOYLE LIMITED (CONTINUED)**

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including occupational health and safety, and General Data Protection Regulation (GDPR).
- We understood how W. & G. Foyle is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of minutes of the meetings of those charged with governance. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions and how monitoring of these processes is done to avoid any instance of non-compliance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential incentives or opportunities to manage earnings. We considered the processes and controls that the Company has established to address identified risks, or that otherwise prevent or detect fraud and how senior management monitors those processes and controls. Where the risk was considered to be higher, in particular in respect of adjustments to revenue arising other than through routine sales to customers, we performed audit procedures to address this identified fraud risk. These procedures included obtaining the population of all journals processed during the year. We performed a three-way correlation between revenue, receivables and cash and obtained explanations for any material outliers. We also tested manual journals posted to revenue using professional judgement. We determined the sample based on either size or nature for further testing and agreed to source documentation. These procedures were designed to provide reasonable assurance that the financial statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance with laws and regulations, enquiries of management and performing focused testing by considering key phrases in identifying journals for further review. We verified that material transactions are recorded in compliance with UK adopted international accounting standards and where appropriate Companies Act 2006.

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.

### **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.

DocuSigned by:  
  
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Adam Gittens (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham

18 October 2023

**W. & G. FOYLE LIMITED**  
**Company Number: 00945131**

**REPORT AND ACCOUNTS 2023**

**INCOME STATEMENT**

**For the 52 weeks ended 29 April 2023 and 53 weeks ended 30 April 2022**

		<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
Revenue	<b>3</b>	<b>16,809</b>	17,137
Cost of sales		<b>(15,032)</b>	(14,381)
Gross profit		<b>1,777</b>	2,756
Administrative expenses		<b>(908)</b>	(853)
Operating profit	<b>4</b>	<b>869</b>	1,903
Finance costs	<b>8</b>	<b>(1,675)</b>	(1,759)
(Loss) / Profit before taxation		<b>(806)</b>	144
Income tax credit	<b>9</b>	<b>289</b>	783
(Loss) / Profit for the period attributable to equity holders of the Company		<b>(517)</b>	927

These financial statements are made up to the Saturday on or immediately preceding 30 April each year. Consequently, the financial statements for the current period cover the 52 weeks ended 29 April 2023 and the comparative period covered the 53 weeks ended 30 April 2022.

All results in the current and prior period relate to continuing activities.

**W. & G. FOYLE LIMITED**  
**Company Number: 00945131****REPORT AND ACCOUNTS 2023****STATEMENT OF COMPREHENSIVE INCOME****For the 52 weeks ended 29 April 2023 and 53 weeks ended 30 April 2022**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
(Loss) / Profit for the period	<b>(517)</b>	<b>927</b>
Total comprehensive (expense) / income for the period	<b>(517)</b>	<b>927</b>

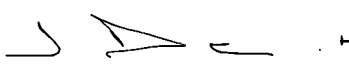
**W. & G. FOYLE LIMITED**  
**Company Number: 00945131**

**REPORT AND ACCOUNTS 2023**

**BALANCE SHEET**

		As at 29 April 2023	As at 30 April 2022
	Notes	£000	£000
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	10	807	819
Intangible assets	11	32	48
Right-of-use assets	21	18,292	19,955
Deferred tax asset	9	1,917	1,628
Trade and other receivables	14	2,389	2,389
		<b>23,437</b>	<b>24,839</b>
<b>Current assets</b>			
Inventories	12	2,218	2,444
Right of return assets	13	4	7
Trade and other receivables	14	927	845
Cash at bank and on hand	15	4,763	4,174
		<b>7,912</b>	<b>7,470</b>
<b>Total assets</b>		<b>31,349</b>	<b>32,309</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	16	(27,572)	(29,237)
		<b>(27,572)</b>	<b>(29,237)</b>
<b>Current liabilities</b>			
Trade and other payables	18	(1,661)	(1,516)
Amounts due to group undertakings	19	(1,576)	(997)
Contract liabilities	20	(141)	(151)
Interest-bearing loans and borrowings	16	(1,819)	(1,194)
Provisions	17	(12)	(129)
		<b>(5,209)</b>	<b>(3,987)</b>
<b>Total liabilities</b>		<b>(32,781)</b>	<b>(33,224)</b>
<b>Net liabilities</b>		<b>(1,432)</b>	<b>(915)</b>
<b>Equity</b>			
Issued share capital	24	2	2
Share premium	24	4,503	4,503
Accumulated losses		(5,937)	(5,420)
<b>Total equity</b>		<b>(1,432)</b>	<b>(915)</b>

The financial statements were approved by the Board of Directors on 18 October 2023 and were signed on its behalf by:

  
**A J Daunt**  
 Director

  
**E Hillyard**  
 Director

**W. & G. FOYLE LIMITED**  
**Company Number: 00945131**

**REPORT AND ACCOUNTS 2023**

**STATEMENT OF CHANGES IN EQUITY**

For the 52 weeks ended 29 April 2023 and 53 weeks ended 30 April 2022

	Issued share capital £000	Share premium £000	Accumulated losses £000	Total £000
At 24 April 2021	2	4,503	(6,347)	(1,842)
Profit for the period	-	-	927	927
Total comprehensive income	-	-	927	927
<b>At 30 April 2022</b>	<b>2</b>	<b>4,503</b>	<b>(5,420)</b>	<b>(915)</b>
Loss for the period	-	-	(517)	(517)
Total comprehensive expense	-	-	(517)	(517)
<b>At 29 April 2023</b>	<b>2</b>	<b>4,503</b>	<b>(5,937)</b>	<b>(1,432)</b>

**W. & G. FOYLE LIMITED**  
**Company Number: 00945131**

**REPORT AND ACCOUNTS 2023**

**CASH FLOW STATEMENT**

**For the 52 weeks ended 29 April 2023 and 53 weeks ended 30 April 2022**

		<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>			
(Loss) / Profit before tax		<b>(806)</b>	144
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation and impairment of plant and equipment	<b>10</b>	<b>349</b>	330
Depreciation and impairment of right-of-use assets	<b>21</b>	<b>1,676</b>	1,726
Amortisation of intangible assets	<b>11</b>	<b>16</b>	19
Loss on disposal of plant and equipment	<b>4</b>	-	11
Net foreign exchange differences	<b>4</b>	<b>12</b>	5
Finance costs	<b>8</b>	<b>1,675</b>	1,759
Movement in provisions		<b>(117)</b>	129
Non-cash reduction in lease liabilities recognised in the income statement	<b>21</b>	-	(477)
Working capital adjustments:			
Decrease in trade and other receivables and right of return assets		<b>(79)</b>	-
Decrease in inventories		<b>226</b>	78
Increase / (decrease) in trade and other payables and contract liabilities		<b>111</b>	(14)
Increase in amount due to group undertakings		<b>579</b>	416
		<b>3,642</b>	4,126
Income tax paid		-	-
<b>Net cash flows from operating activities</b>		<b>3,642</b>	4,126
<b>Investing activities</b>			
Purchase of plant and equipment		<b>(325)</b>	(32)
Purchase of intangible fixed assets		-	(12)
Cash flows arising from the inception of new lease contracts included in right-of-use assets		<b>(13)</b>	(7)
<b>Net cash flows used in investing activities</b>		<b>(338)</b>	(51)
<b>Financing activities</b>			
Payment of principal portion of lease liabilities		<b>(1,040)</b>	(2,565)
Interest paid		<b>(1,675)</b>	(1,759)
<b>Net cash flows used in financing activities</b>		<b>(2,715)</b>	(4,324)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>589</b>	(249)
Opening cash and cash equivalents		<b>4,174</b>	4,423
<b>Closing cash and cash equivalents</b>	<b>15</b>	<b>4,763</b>	4,174

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS****1. Corporate information**

The financial statements of W. & G. Foyle Limited (the "Company") for the period ended 29 April 2023 were authorised for issue by the Board on 18 October 2023. The Company is a limited company, incorporated and resident in England and Wales. Its registered office is at 203-206 Piccadilly, London, W1J 9HD.

**2. Accounting policies****Basis of preparation**

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as they apply to the financial statements of the Company for the 52 weeks ended 29 April 2023.

The financial statements are made up to the Saturday on or immediately preceding 30 April each year. Consequently, the financial statements for the current period cover the 52 weeks ended 29 April 2023, whilst the comparative period covered the 53 weeks ended 30 April 2022. The financial statements are prepared in accordance with applicable accounting standards and specifically in accordance with the accounting policies set out below.

The financial statements have been prepared on a historical cost basis. The financial statements are prepared in pounds sterling and all values are rounded to the nearest thousand (£000) except when otherwise indicated.

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the Strategic Report on page 2 and the financial risk section of the Directors' Report on page 4.

**Going concern**

On 6 July 2023, the Board agreed to start the process to hive across the assets and liabilities of the Company into Waterstones Booksellers Limited, a subsidiary of Book Retail Bidco Limited. This is expected to complete in late 2023 and, for this reason only, the financial statements for the Company have been prepared on a basis other than going concern. This adoption has not resulted in any adjustments.

Notwithstanding the above, the directors have also obtained a letter of support from a parent company, Book Retail Bidco Limited, and based on the undertakings in this letter and an assessment of Book Retail Bidco Limited's financial forecasts to 28 December 2024, are satisfied that financial support would be available, if required, for a period of 12 months from the signing of the financial statements.

**Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Revenue**

Revenue represents the value of the consideration received or receivable for goods sold to customers, net of discounts given and returns expected, excluding value added tax ("VAT") and similar sales-related taxes. It includes book, related product, coffee shop and event ticket sales income.

*Sales of goods*

The sale of goods to customers in store represents the majority of the Company's revenue. For goods sold in store, revenue is recognised at the point of sale. For goods sold on the internet, revenue is recognised on delivery to/ collection by the customer when the customer is deemed to have control of the goods. Deferred revenue relating to goods in transit at the period end is recognised as a contract liability.

A refund liability is recognised for expected refunds due to customers arising from returns and a right of return asset recognised for the Company's right to recover the goods from the customer. Returns are estimated based on expected value.

*Gift cards*

Sales of gift cards are treated as contract liabilities with the revenue recognised when the gift cards are redeemed. The Company recognises breakage, being the amount attributable to customers' rights to future goods that is expected will never be exercised, in proportion to customers' pattern of redemption.

*Loyalty schemes*

The Company issues loyalty rewards to customers when they purchase goods which entitles them to a future discount. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on their relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of loyalty points by the customer.

When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company annually reviews the estimates of the points that will be redeemed and any adjustments to the contract liability balance are charged against revenue.

**Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a reduction in the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

During the prior period, government grants have been received to support certain expenses during the Covid-19 pandemic. All conditions attached to the government grants were complied with before recognition in the income statement. The UK Coronavirus Job Retention Scheme ("furlough") operated on a claims basis, where cash was received after the expense has been incurred. The amount received under this scheme was netted off the relevant wages and salaries expense within the income statement.

**W. & G. FOYLE LIMITED**  
**Company Number: 00945131**

**REPORT AND ACCOUNTS 2023**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. Accounting policies (continued)**

**Taxes**

*Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income and equity is recognised in other comprehensive income or equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Company offsets current income tax assets and current income tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the current income tax assets and current income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of income tax liabilities or assets are expected to be settled or recovered.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Taxes (continued)***Deferred tax (continued)*

Deferred tax relating to items recognised directly in other comprehensive income and equity is recognised in other comprehensive income or equity and not in the income statement.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in the income statement.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

*Sales tax*

Expenses and assets are recognised net of the amount of sales tax, except:

- when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item; or
- when receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**Foreign currency translation***Transactions and balances*

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

**W. & G. FOYLE LIMITED**  
**Company Number: 00945131**

**REPORT AND ACCOUNTS 2023**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. Accounting policies (continued)**

**Plant and equipment**

The capitalised cost of plant and equipment includes only those costs that are directly attributable to bringing an asset to its working condition for its intended use.

Plant and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any.

Depreciation of plant and equipment is calculated on cost, at rates estimated to write off the cost, less the estimated residual value, of the relevant assets by equal annual amounts over their estimated useful lives.

The annual rates used are:

Plant and equipment	10 to 33 <sup>1</sup> / <sub>3</sub> %
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An item of plant and equipment is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

**Leases**

The Company assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Company as a lessee*

The Company applies a single recognition and measurement approach for all leases. The Company recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

*Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the most reasonably certain lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Leases (continued)***Company as a lessee*

For rent concessions arising as a direct result of the pandemic, the Company has elected not to assess whether eligible rent concessions are lease modifications. Instead, the concessions have been accounted for as variable lease payments in the period in which the concession is agreed provided that all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The Company's lease liabilities are included in interest-bearing loans and borrowings (see Notes 16 and 21).

*Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Contingent rents are recognised in the income statement in the period in which they are earned.

**Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost.

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring into use the specific software. An internally generated intangible asset arising from the Company's development of computer systems (including websites) is recognised only if the costs are directly associated with the production of identifiable and unique software products which are controlled by the Company and it is probable that future economic benefits will flow to the Company. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss. Website, software and intellectual property costs are determined to have a finite useful life and are amortised over their estimated useful lives using the straight-line method.

The annual rates used are:

Website and software costs	20%
Intellectual property	10%

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Inventories**

Inventories are stated at the lower of cost and net realisable value on a first-in, first-out basis. Net realisable value is based on estimated selling prices. Historical sales performance statistics are used in the formulation of these judgements.

**Impairment of non-financial assets**

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions - Note 2
- Plant and equipment - Note 10
- Intangible assets - Note 11
- Right-of-use assets – Note 21

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value, less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the income statement.

**W. & G. FOYLE LIMITED**  
**Company Number: 00945131****REPORT AND ACCOUNTS 2023****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Cash and short-term deposits**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

**Pension costs**

The Company operates a defined contribution pension scheme. Contributions to the scheme are charged in the income statement as they become payable in accordance with the rules of the scheme.

**Insurance**

During the pandemic, and in line with other retailers, the Company claimed for compensation related to business interruption under its insurance policies. This compensation has been recognised as a credit within Cost of sales only where there is an unconditional contractual right to receive such amounts.

**Financial liabilities**

The Company's financial liabilities comprise trade and other payables and loans and borrowings.

*Initial recognition and measurement*

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

*Subsequent measurement*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. The effective interest method amortisation is included as finance costs in the income statement.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

Significant judgements made in the preparation of the financial statements are set out below:

- Revenue recognition in respect of customer loyalty schemes - revenue recognition is based on the fair value of loyalty rewards, the calculation of which is based on expected redemption rates. This calculation requires judgements to be made regarding future redemption rates. Expected redemption rates are based on current run rates and are regularly monitored.
- Lease accounting – expected lease terms are estimated and reviewed each year. This estimation requires judgements to be made about the expected lease length taking into account the likelihood of exercising termination and extension options.
- Impairment of plant and equipment, intangible assets and right-of-use assets - plant and equipment, intangible assets and right-of-use assets are reviewed for impairment/reversal of an impairment if events or changes in circumstances indicate that the carrying value may not be recoverable or that a previously recognised impairment loss may have reversed. When a review for impairment/reversal of an impairment is conducted, the recoverable amount of an asset or a CGU is based on the value in use calculation prepared using management assumptions and estimates. Key assumptions for the value in use calculation include revenue, margin, operating costs and discount rate. Identification of a CGU involves significant judgement regarding largely independent cash flows and geographical proximity of stores.
- Inventory valuation – inventories are valued at the lower of cost and net realisable value, which includes, where necessary, provisions for slow moving and obsolete inventory. Calculation of provisions requires judgements to be made regarding future customer demand, future sales prices and inventory loss trends. Historical sales performance statistics are used in the formulation of these judgements.
- Taxation – calculation of the Company's total tax charge requires a degree of estimation and judgement in respect of the probability that future taxable profits will be available to support the recognition of deferred tax assets. Where the final outcome of these tax matters differs from the amounts that were initially recorded, the tax charge and deferred tax provisions will be impacted.
- Provisions – Provisions for store closures are estimates and the actual costs and timing of future cash flows are dependent on future events. Expectations are revised in each period, with any difference accounted for in the period in which the revision is made. Key assumptions for provisions are those regarding future costs, the timing of those costs and discount rates.

There are no key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period.



**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****New accounting standards**

The Company has adopted the following amended accounting standards which were mandatory for the first time for the financial period ending 29 April 2023. They have no material impact on the Company.

- IFRS 3 Business Combinations: Amendments updating a reference to the conceptual framework, effective for annual periods beginning on or after 1 January 2022;
- IFRS 9 Financial Instruments: Disclosures: Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 percent' test for derecognition of financial liabilities), effective for annual periods beginning on or after 1 January 2022;
- IAS 16 Property, plant and equipment: Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use, effective for annual periods beginning on or after 1 January 2022; and
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Amendments regarding the costs to include when assessing whether a contract is onerous, effective for annual periods beginning on or after 1 January 2022.

The Company has not adopted early the requirements of the following accounting standards and interpretations, which have an effective date after the start date of these financial statements.

- IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions; effective for annual periods beginning on or after 1 January 2024;
- IFRS 17 Insurance Contracts: Original issue and Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published, effective for annual periods beginning on or after 1 January 2023;
- IAS 1 Presentation of financial statements: Amendments regarding the classification of liabilities, effective for annual periods beginning on or after 1 January 2024;
- IAS 1 Presentation of financial statements: Amendments regarding the disclosure of accounting policies, effective for annual periods beginning on or after 1 January 2023;
- IAS 1 Presentation of financial statements: Amendments regarding the classification of debt with covenants, effective for annual periods beginning on or after 1 January 2024;
- IAS 8 Accounting policies, changes in accounting estimates and errors: Amendments regarding the definition of accounting estimates, effective for annual periods beginning on or after 1 January 2023; and
- IAS 12 Income Taxes: Amendments resulting from deferred tax related to assets and liabilities arising from a single transaction, effective for annual periods beginning on or after 1 January 2023.

The Company intends to adopt these standards when they become effective.

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements.

**W. & G. FOYLE LIMITED**  
**Company Number: 00945131**

**REPORT AND ACCOUNTS 2023**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Revenue**

Revenue disclosed in the income statement is analysed as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Sale of goods – UK	<b>16,723</b>	16,917
Sale of goods – rest of world	<b>86</b>	220
	<b>16,809</b>	17,137

**4. Operating profit**

Operating profit is stated after charging / (crediting):

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Depreciation and impairment of plant and equipment (Note 10)	<b>349</b>	330
Amortisation of intangible assets (Note 11)	<b>16</b>	19
Depreciation and impairment of right-of-use assets (Note 21)	<b>1,676</b>	1,726
Loss on disposal of tangible fixed assets	<b>-</b>	11
Cost of inventories recognised as an expense	<b>8,015</b>	7,940
Movement in inventory provisions	<b>(131)</b>	(33)
Net foreign exchange differences	<b>12</b>	5

In the prior year, in line with other retail companies, the Company utilised the government support available in the UK including Job Retention Scheme, Business rates relief and Government business grants. This support totalled £432,000.

**5. Fees to auditors**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Audit of the financial statements	<b>87</b>	79
	<b>87</b>	79

**W. & G. FOYLE LIMITED**  
**Company Number: 00945131**

**REPORT AND ACCOUNTS 2023**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. Directors' emoluments**

	2023	2022
	£000	£000
Directors' emoluments	12	12
Company contributions to defined contribution pension schemes	1	1
	<b>13</b>	<b>13</b>

During the current financial period, the directors were remunerated by another group company. The amounts above include amounts recharged to the Company for services provided to the Company.

Two (2022: two) of the Directors are accruing benefits under defined contribution pension arrangements.

**7. Employee costs**

	2023	2022
	£000	£000
Employee costs:		
Wages and salaries	1,866	1,801
Social security costs	169	152
Other pension costs	49	46
	<b>2,084</b>	<b>1,999</b>
	2023	2022
	No.	No.
Monthly average number of people employed by the Company:		
Stores	91	94
Head office	3	4
	<b>94</b>	<b>98</b>

**8. Finance costs**

	2023	2022
	£000	£000
Interest on lease liabilities (see Note 21)	1,675	1,759
	<b>1,675</b>	<b>1,759</b>

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****9. Income tax**

The major components of income tax expense for the 52 weeks ended 29 April 2023 and the 53 weeks ended 30 April 2022 are:

**Income statement**

	2023	2022
	£000	£000
UK current income tax, prior periods	-	(12)
	-	(12)
Deferred tax, current period	(122)	(457)
Deferred tax, prior periods	18	(23)
Deferred tax, change in rates	(185)	(291)
Total income tax credit reported in the income statement	(289)	(783)

The reconciliation of tax credit and the accounting profit multiplied by the Company's tax rate for the 52 weeks ended 29 April 2023 and the 53 weeks ended 30 April 2022 is as follows:

	2023	2022
	£000	£000
Accounting (loss) / profit before income tax	(806)	144
At the Company's statutory income tax rate of 19.5% (2022: 19%)	(157)	27
Effects of:		
Expenses not deductible for tax purposes	36	47
Income not taxable	(22)	-
Transfer pricing adjustments	21	-
Effect of change in tax rates	(185)	(291)
Tax losses brought forward not previously recognised	-	(66)
Deferred tax not previously recognised	-	(465)
Adjustment in respect of prior periods	18	(35)
	(289)	(783)

**Deferred tax***Provided deferred tax*

Deferred tax relates to the following:

	Balance sheet		Income statement	
	2023	2022	2023	2022
	£000	£000	£000	£000
Fixed assets	109	296	(187)	(121)
IFRS 16	752	804	(52)	(157)
Losses	1,024	480	544	(480)
Other timing differences	32	48	(16)	(13)
Deferred tax credit			(289)	(771)
Net deferred tax asset	1,917	1,628		

*Unprovided deferred tax*

There are no unprovided deferred tax assets or liabilities at the balance sheet date. (2022: £nil).

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9. Income tax (continued)**

**Deferred tax (continued)**

*Provided deferred tax*

The movement in the deferred tax balance is set out below:

	£000	£000
At 30 April 2022 / 24 April 2021	1,628	857
Tax credit for the period recognised in the income statement	289	771
At 29 April 2023 / 30 April 2022	1,917	1,628

**Factors that may affect future tax charges**

In the budget on 3 March 2021, HM Government announced that legislation was to be introduced to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. This legislation was substantively enacted on 23 May 2021. The deferred tax balances have been measured at the tax rate of 25% at the balance sheet date.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. Since the legislation was not substantively enacted at the balance sheet, its effect is not reflected in the computation of current and deferred tax in the year ended 29 April 2023.

**10. Plant and equipment**

	Plant and equipment £000
Cost at 24 April 2021	5,999
Disposals	(149)
Additions	42
Cost at 30 April 2022	5,892
Disposals	(684)
Additions	337
<b>Cost at 29 April 2023</b>	<b>5,545</b>
Depreciation at 24 April 2021	4,881
Charge for period	330
Disposals	(138)
Depreciation at 30 April 2022	5,073
Charge for period	337
Impairment loss	12
Disposals	(684)
<b>Depreciation at 29 April 2023</b>	<b>4,738</b>
<b>Net book value at 29 April 2023</b>	<b>807</b>
Net book value at 30 April 2022	819

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10. Plant and equipment (continued)**

Plant and equipment are reviewed for impairment / reversal of an impairment if events or changes in circumstances indicate that the carrying value may not be recoverable or that a previously recognised impairment loss may have reversed. When a review for impairment / reversal of an impairment is conducted, the recoverable amount of an asset or a CGU is based on the value in use calculation prepared using management assumptions and estimates. Identification of a CGU involves significant judgement regarding largely independent cash flows and geographical proximity of stores.

An impairment review of plant and equipment was carried out based on prevailing market trading conditions. The recoverable amounts of assets were determined from value in use calculations that incorporated cash flow forecasts covering a 3 year period, with an inflation rate of 0.78% (2022: 2.40%) thereafter, discounted at an appropriate pre-tax discount rate of 14.0% (2022: 14.0%). Key assumptions for the value in use calculations were those regarding revenue, margin, operating costs and discount rate. The forecast assumptions, detailed in the going concern statement, reflect management's best estimates of revenue, margin, operating costs and discount rate over the forecast period and do not assume that there will be any further enforced lockdowns.

An impairment of £12,000 (2022: nil) was identified from this review and the total recoverable amount of the assets impaired was £257,000 (2022: nil).

**11. Intangible assets**

	Software costs £000	Website costs £000	Intellectual property £000	Total £000
Cost at 24 April 2021	28	251	19	298
Additions	12	-	-	12
Disposals	-	(31)	-	(31)
<b>Cost at 30 April 2022</b>	<b>40</b>	<b>220</b>	<b>19</b>	<b>279</b>
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Cost at 29 April 2023</b>	<b>40</b>	<b>220</b>	<b>19</b>	<b>279</b>
Amortisation at 24 April 2021	10	223	10	243
Charge for period	6	12	1	19
Disposals	-	(31)	-	(31)
<b>Amortisation at 30 April 2022</b>	<b>16</b>	<b>204</b>	<b>11</b>	<b>231</b>
Charge for period	8	7	1	16
Disposals	-	-	-	-
<b>Amortisation at 29 April 2023</b>	<b>24</b>	<b>211</b>	<b>12</b>	<b>247</b>
<b>Net book value at 29 April 2023</b>	<b>16</b>	<b>9</b>	<b>7</b>	<b>32</b>
Net book value at 30 April 2022	24	16	8	48

**12. Inventories**

Inventories primarily comprise finished goods and goods for resale. The replacement cost of inventories is considered to be not materially different from the balance sheet value.

**13. Right of return assets**

Right of return assets comprise the Company's right to recover goods from the customer under its returns policy.

The Company uses the expected value method to estimate the value of goods that will be returned. The revenue relating to expected returns is deferred and recorded in trade and other payables. The carrying value of the inventory expected to be returned is recorded as a right of return asset.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14. Trade and other receivables**

	At 29 April 2023	At 30 April 2022
	£000	£000
Non-current		
Amounts due from parent undertaking	1,763	1,763
Amounts owed by group undertakings	626	626
	<b>2,389</b>	<b>2,389</b>
Current:		
Trade receivables	47	36
Other receivables	587	642
Prepayments and accrued income	293	167
	<b>927</b>	<b>845</b>

The carrying value of trade and other receivables approximates to fair value.

Trade receivables are stated net of a provision for impairment of £6,000 (2022: £36,000). Trade receivables are non-interest-bearing and are generally on 30 day terms.

The amounts owed by parent and group undertakings have no fixed repayment date and do not accrue interest. These balances are not expected to be repaid within 12 months of the balance sheet date.

Other receivables are non-interest bearing.

**15. Cash at bank and on hand**

	At 29 April 2023	At 30 April 2022
	£000	£000
Cash at bank and on hand	4,763	4,174
	<b>4,763</b>	<b>4,174</b>

**16. Interest-bearing loans and borrowings**

	At 29 April 2023	At 30 April 2022
	£000	£000
Non-current:		
Lease liabilities	27,572	29,237
	<b>27,572</b>	<b>29,237</b>
Current:		
Lease liabilities	1,819	1,194
	<b>1,819</b>	<b>1,194</b>

Further information about the lease liabilities is provided in Note 21.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. Provisions**

	<b>Provisions</b>
	<b>£000</b>
At 30 April 2022	129
Provisions created in the period	29
Provisions utilised in the period	(146)
<b>At 29 April 2023</b>	<b>12</b>
Analysed as:	
Current	12
	12

Provisions comprise amounts in respect of store closures.

**18. Trade and other payables**

	<b>At 29 April 2023</b>	<b>At 30 April 2022</b>
	<b>£000</b>	<b>£000</b>
Current:		
Trade payables	290	187
Other payables	454	395
Accruals and deferred income	917	934
	<b>1,661</b>	<b>1,516</b>

The carrying value of trade and other payables approximates to fair value. Trade payables are non-interest-bearing and are generally on 30-60 day terms. Other payables are also non-interest-bearing.

**19. Amounts due to group undertakings**

	<b>At 29 April 2023</b>	<b>At 30 April 2022</b>
	<b>£000</b>	<b>£000</b>
Current:		
Amounts due to fellow subsidiary undertakings	1,576	997
	<b>1,576</b>	<b>997</b>

The amounts due to fellow subsidiary undertakings arise from intercompany trading and are non-interest-bearing with no fixed repayment date.



**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****20. Contract liabilities**

Contract liabilities comprise consideration received for performance obligations that have not been satisfied by the Company at the period end arising from loyalty schemes, the sale of gift cards and internet sales.

**Loyalty schemes**

The Company issues loyalty rewards to customers when they purchase goods which entitles them to a future discount. The total transaction price is allocated between the fair value of the goods sold and the rewards issued based on their standalone fair values. The fair value of the loyalty rewards is adjusted for expected breakage, being the amount attributable to a customer's rights to future goods that it is expected will never be exercised. The amount attributed to the loyalty rewards is deferred within the contract liabilities balance.

**Gift cards**

Sales of gift cards are treated as contract liabilities with the revenue recognised when the gift cards are redeemed.

The Company recognises breakage, being the amount attributable to a customer's rights to future goods that it is expected will never be exercised, in proportion to the customers' pattern of redemption.

**Internet sales**

For goods sold on the internet, the sale is recognised on delivery to / collection by the customer when the customer is deemed to have control of the goods. Deferred revenue relating to goods in transit at the period end is recognised as a contract liability.

**Balances and movement in the period**

	At 29 April 2023 £000	At 30 April 2022 £000
Contract liabilities	141	151
Revenue recognised in the period from:		
Amounts recognised in contract liabilities at the beginning of the period	69	69
	69	69

The Company expects to recognise the revenue arising from contract liabilities over a period of 10 years (2022: 10 years).

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****21. Leases****Company as a lessee**

The Company leases stores for use in its operations.

*Right-of-use assets*

	Leasehold property
	£000
As at 30 April 2022	19,955
Additions	13
Depreciation charge for the period	(1,657)
Impairment loss	(19)
<b>As at 29 April 2023</b>	<b>18,292</b>

Leasehold property right-of-use assets are reviewed for impairment / reversal of an impairment if events or changes in circumstances indicate that the carrying value may not be recoverable or that a previously recognised impairment loss may have reversed. When a review for impairment / reversal of an impairment is conducted, the recoverable amount of an asset or a cash generating unit ("CGU") is based on the value in use calculation prepared using management assumptions and estimates. Identification of a CGU involves significant judgement regarding largely independent cash flows and geographical proximity of stores.

An impairment review of leasehold property right-of-use assets was carried out based on prevailing market trading conditions. The recoverable amounts of assets were determined from value in use calculations that incorporated cash flow forecasts covering a 3 year period, with an inflation rate of 0.78% (2022: 2.4%) thereafter, discounted at an appropriate pre-tax discount rate of 14.0% (2022: 14.0%). Key assumptions for the value in use calculations were those regarding revenue, margin, operating costs and discount rate. The forecast assumptions, detailed in the going concern statement, reflect management's best estimates of revenue, margin, operating costs and discount rate over the forecast period and do not assume that there will be any further enforced lockdowns.

An impairment of £19,000 (2022: £nil) was identified from this review.

*Lease liabilities*

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	£000	£000
Balance at 30 April 2022 / 24 April 2021	30,431	33,115
Additions	-	358
Accretion of interest	1,675	1,759
Payments	(2,715)	(4,324)
Non-cash reduction in lease liabilities arising from Covid-19 lease concessions	-	(477)
<b>As at 29 April 2023 / 30 April 2022</b>	<b>29,391</b>	<b>30,431</b>
<b>Current (Note 16)</b>	<b>1,819</b>	<b>1,194</b>
<b>Non-current (Note 16)</b>	<b>27,572</b>	<b>29,237</b>

The maturity analysis of undiscounted lease liabilities is disclosed in Note 22.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**21. Leases (continued)**

**Company as a lessee (continued)**

The following are the amounts recognised in profit or loss:

	2023	2022
	£000	£000
Depreciation expense of right-of-use assets	1,657	1,726
Interest expense on lease liabilities	1,675	1,759
Variable lease payments (included in cost of sales)	60	(333)
<b>Total amount recognised in profit or loss</b>	<b>3,392</b>	<b>3,152</b>

The Company had total cash outflows for leases of £2,776,000 (2022: £4,475,000) in the period.

**22. Financial risk factors**

The Company's business exposes it to certain financial risks, such as liquidity risk and credit risk.

**Liquidity risk**

During the period under review the Company had sufficient funds and access to funding facilities from its parent undertaking, Bidco, available to satisfy its current requirements. Further information about liquidity risk is also included under going concern on pages 5 and 6.

Analysis of the maturity profile of the Company's financial liabilities at 29 April 2023 and 30 April 2022 is shown below:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	£000	£000	£000	£000	£000	£000
Trade and other payables	11	1,650	-	-	-	1,661
Amounts owed to group undertakings	1,576	-	-	-	-	1,576
Lease liabilities	153	814	2,442	11,533	28,309	43,251
<b>At 29 April 2023</b>	<b>1,740</b>	<b>2,464</b>	<b>2,442</b>	<b>11,533</b>	<b>28,309</b>	<b>46,488</b>
Trade and other payables	17	1,499	-	-	-	1,516
Amounts owed to group undertakings	997	-	-	-	-	997
Lease liabilities	-	705	2,164	12,034	31,063	45,966
<b>At 30 April 2022</b>	<b>1,014</b>	<b>2,204</b>	<b>2,164</b>	<b>12,034</b>	<b>31,063</b>	<b>48,479</b>

**Credit risk**

The Company's credit risk arises from its cash and outstanding receivables.

Due to the nature of the Company's retailing business, credit risk from trade receivables is limited. Allowances are made for doubtful debts based on the age of the debt and the customer's financial circumstances. Further information about credit risk is also included within the going concern section of the Directors' Report.

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****22. Financial risk factors (continued)****Capital management**

During the period under review, the core objective of the Company was to ensure that it would be able to continue to operate as a going concern, as well as having sufficient funds available to grow the business for the benefit of its parent company and other stakeholders. The capital structure of the Company comprises cash and short-term deposits (see Note 15), borrowings through its intra-group facilities (see Note 14 and Note 18), interest bearing loans and borrowings (see Note 16) and equity attributable to the parent company (see Note 24).

**23. Changes in liabilities arising from financing activities**

Movements in the Company's net debt position are as follows:

	At 30 April 2022 £000	Cash flow £000	Other non- cash changes £000	At 29 April 2023 £000
Current lease liabilities (Note 21)	(1,194)	2,716	(3,341)	(1,819)
Non-current lease liabilities (Note 21)	(29,237)	-	1,665	(27,572)
<b>Total liabilities from financing activities</b>	<b>(30,431)</b>	<b>2,716</b>	<b>(1,676)</b>	<b>(29,391)</b>
	At 24 April 2021 £000	Cash flow £000	Other non- cash changes £000	At 30 April 2022 £000
Current lease liabilities (Note 21)	(2,959)	4,324	(2,559)	(1,194)
Non-current lease liabilities (Note 21)	(30,156)	-	919	(29,237)
<b>Total liabilities from financing activities</b>	<b>(33,115)</b>	<b>4,324</b>	<b>(1,640)</b>	<b>(30,431)</b>

The 'Other' column includes the effect of the reclassification of the non-current portion of lease liabilities to current lease liabilities due to the passage of time, the non-cash reduction in lease liabilities arising from Covid-19 lease concessions and the effect of accrued interest on lease liabilities.

**24. Issued share capital and reserves**

	No.	£000
<b>Ordinary shares of £0.05 each, allotted and fully paid</b>		
At 29 April 2023 and 30 April 2022	28,016	1
<b>'A' Ordinary shares of £0.05 each, allotted and fully paid</b>		
At 29 April 2023 and 30 April 2022	15,883	1
		2

The Ordinary shares and the 'A' Ordinary shares rank pari-passu as to dividend rights. The 'A' Ordinary shares rank behind the Ordinary shares on a winding up or other return of capital and do not generally entitle holders to receive notice of and/or to attend, vote and speak at general meetings.

**Share premium**

The share premium reserve is used to record any premium paid over nominal value on the issue of shares.

**W. & G. FOYLE LIMITED****REPORT AND ACCOUNTS 2023****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****25. Related party transactions**

Transactions entered into with related parties during the period are as follows:

	Net goods purchased from related party £000	Services purchased from related party £000	Amounts owed to related party £000	Amounts owed by related party £000
<i>With fellow subsidiary undertakings:</i>				
Waterstones Booksellers Limited				
<b>Period ended 29 April 2023</b>	<b>5,426</b>	<b>1,320</b>	<b>1,576</b>	<b>626</b>
Period ended 30 April 2022	7,745	975	997	626
<i>With immediate parent undertaking:</i>				
Book Retail Bidco Limited				
<b>Period ended 29 April 2023</b>	-	-	-	<b>1,763</b>
Period ended 30 April 2022	-	-	-	1,763

See Notes 14 and 19 for details of the terms and conditions relating to the related party balances.

**Remuneration of key management personnel**

The remuneration of the key management personnel of the Company is set out below.

	2023 £000	2022 £000
Short term employment benefits	29	27
Post employment benefits	1	1
Total compensation paid to key management personnel	30	28

**26. Subsequent events**

On 6 July 2023, the Board agreed to start the process to hive across the assets and liabilities of the Company into Waterstones Booksellers Limited, a subsidiary of Book Retail Bidco Limited. This is expected to complete in late 2023.

**27. Ultimate parent undertaking and controlling party**

The immediate parent undertaking of the Company is Book Retail Bidco Limited and the ultimate parent company is Book Retail Investco Limited (incorporated in Jersey). Book Retail Investco Limited is wholly owned and controlled by the Elliott funds. The Elliott funds receive investment advice from their investment manager Elliott Investment Management, L.P., incorporated in Delaware, U.S.A., and its affiliates.

The largest and smallest group, including the Company, for which consolidated accounts are prepared is that headed by Book Retail Midco Limited. Copies of the financial statements for Book Retail Midco Limited can be obtained from the Company Secretary, 203-206 Piccadilly, London, W1J 9HD.