

**WHSTV SPORTS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**15 MONTHS TO 31 AUGUST 1998**



**WHSTV SPORTS LIMITED**

**31 AUGUST 1998**

**COMPANY INFORMATION**

**DIRECTORS**

C J M Hardie (Chairman)

R G Handover

K Hamill

**SECRETARY**

I Houghton

**REGISTERED OFFICE**

Greenbridge Road  
Swindon  
Wiltshire  
SN3 3RX

**COMPANY NUMBER**

2054109 (England)

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London  
EC4A 3TR

# **WHSTV SPORTS LIMITED**

## **REPORT OF THE DIRECTORS**

### **FOR THE 15 MONTHS ENDED 31 AUGUST 1998**

The Directors present their report to shareholders together with the audited financial statements for the 15 months ended 31 August 1998.

### **PARENT COMPANY**

The Company is a wholly-owned subsidiary of W H Smith Limited, its ultimate parent company being W H Smith Group PLC.

### **PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENTS**

The Company operates as an investment company. The Board of Directors will continue to manage the investments.

On 13 February 1998 the Company acquired a 100% interest in WH Smith Belgium SA for £276,000. WH Smith Belgium SA subsequently changed its name to Waterstone's Booksellers Belgium SA. It is the company which trades out of the store in Brussels.

On 19 February 1998, the Company acquired a 100% interest in WH Smith Amsterdam BV (which subsequently changed its name to Waterstone's Booksellers Amsterdam BV) for £178,000.

During the period these investments were sold to a third party. The consideration received for the investments in Waterstone's Booksellers Amsterdam BV and Waterstone's Booksellers Belgium SA was £177,000 and £5,114,000 respectively.

### **RESULTS FOR THE PERIOD**

The results for the period are set out on page 7.

### **DIVIDENDS**

The Directors do not recommend the payment of a dividend. (1997 - £ nil).

### **CHANGE IN ACCOUNTING REFERENCE DATE**

The Accounting Reference Date for the Company has changed from 31 May to 31 August. To implement this change the accounting period which started on 1 June 1997 was extended by three months to a period of 15 months to 31 August 1998.

## **WHSTV SPORTS LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### **CHANGE OF REGISTERED ADDRESS**

On 1 May 1998, the registered office of the Company changed to Greenbridge Road, Swindon, Wiltshire, SN3 3RX.

#### **DIRECTORS**

The names of the present Directors are shown on page 1. All directors served throughout the year.

#### **DIRECTORS' SHARE INTERESTS**

As the Directors are also Directors of W H Smith Group PLC, their interests in the shares and loan stock of that company are not required to be recorded in the Register of Directors' Share Interests of this Company.

#### **YEAR 2000**

In recognition of the serious implications of the millennium date change, the Group has established a Year 2000 Programme to manage the effect it will have on the Company's computer based systems and equipment. It is anticipated that the bulk of this programme will be completed by 30 June 1999. The costs associated with Year 2000 compliance attributable to the Company are immaterial.

#### **EUROPEAN MONETARY UNION**

The Company has reviewed the implications of European Monetary Union and the issues arising from the introduction of the Euro are being addressed.

#### **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.

**WHSTV SPORTS LIMITED**

**REPORT OF THE DIRECTORS (continued)**

**AUDITORS**

Deloitte & Touche will continue in office as Auditors.

This report was approved by the Board of Directors on *9 June 1999*.

By Order of the Board

A large, stylized handwritten signature in black ink, appearing to be 'J. Houghton', is written over the text 'By Order of the Board' and 'J. Houghton Company Secretary'. A horizontal line extends to the right from the end of the signature.

J. Houghton  
Company Secretary

Date: *9th June* 1999

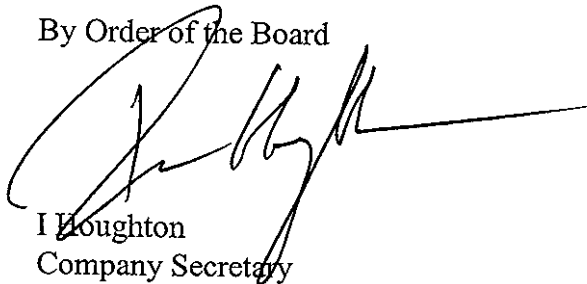
## WHSTV SPORTS LIMITED

### DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing the financial statements, which are required to be prepared on a going concern basis unless it is inappropriate to presume that the company will continue in business, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements are prepared in accordance with applicable accounting standards.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company, for maintaining adequate accounting records and for taking reasonable steps for the prevention and detection of irregularities including fraud.

By Order of the Board



I Houghton  
Company Secretary

Date: 9th June 1999

## **WHSTV SPORTS LIMITED**

### **AUDITORS' REPORT TO THE MEMBERS OF WHSTV SPORTS LIMITED**

We have audited the financial statements which have been prepared on pages 7 to 12 under the accounting policies set out on page 9.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the Directors' Responsibilities Statement on page 5, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **BASIS OF OPINION**

We conducted our audit in accordance with Auditing standards 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 judgements 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 of the state of the company's affairs at 31 August 1998 and of its profit for the 15 months then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*  
Deloitte & Touche

Chartered Accountants and Registered Auditors  
Hill House  
1 Little New Street  
London EC4A 3TR

Date: 28 June 1999

# WHSTV SPORTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE 15 MONTHS ENDED 31 AUGUST 1998

	Note	15 months to 31 August 1998 £'000	12 months to 31 May 1997 £'000
Profit on sale of investments	2	4,837	-
Operating profit - continuing operations		4,837	-
Interest receivable	3	539	353
Profit on ordinary activities before taxation		5,376	353
Tax on profit on ordinary activities	4	-	-
Profit on ordinary activities after taxation, transferred to reserves	10	5,376	353

There were no recognised gains or losses in the current or preceding financial period other than as stated in the profit and loss account.

There have been no movements in shareholders' funds in the current or preceding financial period other than the recognised profit in the current and prior years.




# WHSTV SPORTS LIMITED


## BALANCE SHEET AS AT 31 AUGUST 1998

	Note	As at 31 August 1998 £'000s	As at 31 May 1997 £'000s
<b>FIXED ASSETS</b>			
Investments in subsidiaries	5	-	-
<b>CURRENT ASSETS</b>			
Investments	6	-	9
Debtors	7	14,312	9,130
Cash at bank and in hand		5	1
		14,317	9,140
Creditors: amounts falling due within one year	8	-	(199)
<b>NET CURRENT ASSETS</b>		14,317	8,941
<b>TOTAL NET ASSETS</b>		14,317	8,941
<b>EQUITY SHAREHOLDERS' FUNDS</b>			
Called up share capital	9	20,000	20,000
Profit and loss account - deficit	10	(5,683)	(11,059)
		14,317	8,941

These financial statements were approved by the Board of Directors on 9 June 1999

Signed on behalf of the Board of Directors.

  
R G Handover  
 Director

  
K Hamill  
 Director

# WHSTV SPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTHS ENDED 31 AUGUST 1998

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

#### a) Basis of the financial statements

These financial statements present information for the company as an individual undertaking and not as a group. The financial statements are prepared in compliance with the Companies Act 1985 under the historical cost convention. Consolidated financial statements have not been prepared since the Company is itself a wholly-owned subsidiary of a company registered in England and Wales. Comparative figures are for the year to 31 May 1997.

#### b) Investments

Investments in subsidiaries are shown at cost less provision for permanent diminution in value. Current asset investments are shown at the lower of cost and net realisable value.

### 2. PROFIT ON SALE OF INVESTMENTS

During the period the company acquired 100% of the issued share capital of WH Smith Amsterdam BV and WH Smith Belgium SA. (These companies subsequently changed their names to Waterstone's Booksellers Amsterdam BV and Waterstone's Booksellers Belgium SA respectively).

These interests were sold to a third party in the period giving rise to a net profit on disposal as shown below:

	£'000
Sales proceeds (net of disposal costs)	5,291
Cost of investments	(454)
Profit on disposal	<u>4,837</u>

There was no tax attributable to the profit on disposal as a consequence of capital gains tax losses brought forward from previous periods.

# WHSTV SPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTHS ENDED 31 AUGUST 1998 (continued)

### 3. INTEREST RECEIVABLE

	15 months to 31 August 1998 £'000	12 months to 31 May 1997 £'000
From Group Companies	538	352
Other investment income	1	1
	<u>539</u>	<u>353</u>

### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	15 months to 31 August 1998 £'000	12 months to 31 May 1997 £'000
UK Corporation Tax at 31% (1997 - 32.7%):		
Current	-	-

All current period's liabilities in respect of taxation are to be met by the parent company.

As at 31 August 1998, unprovided deferred tax on capital losses carried forward amounted to £417,106 (1997 - 2,053,192)

### 5. INVESTMENTS IN SUBSIDIARIES

	31 August 1998 £	31 May 1997 £
Investments at cost	<u>2</u>	<u>2</u>

During the period the company acquired a 100% interest in WH Smith Amsterdam BV and WH Smith Belgium SA for £178,000 and £276,000 respectively. These investments were subsequently sold to a third party.

The Company owns the whole of the issued share capital (two ordinary shares of £1 each) of Surplus Records Limited, a company registered in England and Wales. Surplus Records Limited does not trade.

# WHSTV SPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTHS ENDED 31 AUGUST 1998 (continued)

### 6. INVESTMENTS HELD AS CURRENT ASSETS

	31 August 1998 £'000	31 May 1997 £'000
Investments in UK Government Stocks	-	9

The market value of these investments at 1 June 1997 was £9,032.

### 7. DEBTORS

	31 August 1998 £'000	31 May 1997 £'000
Amounts falling due within one year:		
Owed by parent undertaking	14,307	9,130
Other debtors	5	-
	<u>14,312</u>	<u>9,130</u>

The amount owed by parent undertaking bears interest at a base rate plus 1%.  
There is no fixed repayment date.

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 August 1998 £'000	31 May 1997 £'000
Corporation tax	-	199

### 9. SHARE CAPITAL

	31 August 1998 £'000	31 May 1997 £'000
Authorised, allotted and fully paid:		
20,000,000 Ordinary Shares of £1 each	<u>20,000</u>	<u>20,000</u>

# WHSTV SPORTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 15 MONTHS ENDED 31 AUGUST 1998 (continued)

### 10. PROFIT AND LOSS ACCOUNT - DEFICIT

	£'000
At 1 June 1997	(11,059)
Retained profit for the period	5,376
At 31 August 1998	(5,683)

### 11. 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 W H Smith Group companies and interest of the Group who are related parties.

### 12. RESULTS FOR THE FINANCIAL YEAR

There were no Directors' emoluments, and there were no employees during the period, or the previous year. Auditors' remuneration is paid by another Group Company.

### 13. ULTIMATE PARENT COMPANY

The ultimate parent and controlling company is W H Smith Group PLC, a company registered in England and Wales.

Copies of the Group financial statements are available from:

The Company Secretary  
W H Smith Group PLC  
Greenbridge Road  
Swindon  
Wiltshire  
SN3 3RX