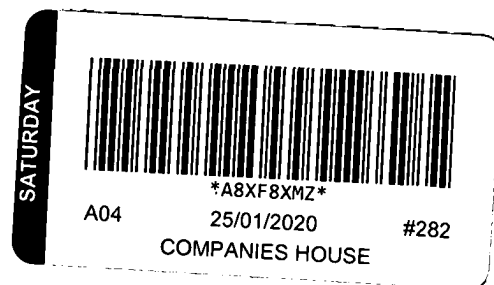

W H SMITH & SONS HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019



W H SMITH & SONS HOLDINGS LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | F H Smith C G Smith B J Smith J H Smith (resigned 30 October 2019) |
| Company secretary | P J Rushton |
| Registered number | 03411415 |
| Registered office | Water Orton Lane Minworth Sutton Coldfield West Midlands B76 9BG |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building 20 Colmore Circus Birmingham West Midlands B4 6AT |

W H SMITH & SONS HOLDINGS LIMITED

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W H SMITH & SONS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 26 APRIL 2019

The directors present their report and the financial statements for the period ended 26 April 2019.

Results and dividends

The profit for the period, after taxation, amounted to £1,649,328 (2018 - £5,622,083).

A dividend of £3,174,686 was paid in the period (2018: £Nil).

Directors

The directors who served during the period were:

F H Smith
C G Smith
B J Smith
J H Smith (resigned 30 October 2019)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Post balance sheet events

There have been no significant events affecting the company since the period end.

W H SMITH & SONS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 APRIL 2019**

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 23 January 2020 and signed on its behalf.



P J Rushton
Secretary



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W H SMITH & SONS HOLDINGS LIMITED

Opinion

We have audited the financial statements of W H Smith & Sons Holdings Limited (the 'company') for the period ended 26 April 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 26 April 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W H SMITH & SONS HOLDINGS LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 Directors' report.

Matters on which we are required to report by exception

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.
 - the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.
-



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W H SMITH & SONS HOLDINGS LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 1, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Grant Thornton UK LLP

Andrew Turner FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

23 January 2020

W H SMITH & SONS HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 26 APRIL 2019**

| | Note | 2019 £ | <i>Restated</i> 2018 £ |
|--|------|------------------|------------------------------|
| Turnover | 4 | 313,609 | 668,181 |
| Gross profit | | 313,609 | 668,181 |
| Administrative expenses | | (1,529,584) | (1,218,424) |
| Other operating income | 5 | 1,178,397 | 1,187,889 |
| Operating (loss)/profit | 6 | (37,578) | 637,646 |
| Income from shares in group undertakings | | 1,768,123 | 5,157,686 |
| Interest payable and expenses | 11 | (4,652) | (4,744) |
| Profit before tax | | 1,725,893 | 5,790,588 |
| Tax on profit | 12 | (76,565) | (168,505) |
| Profit for the financial period | | 1,649,328 | 5,622,083 |

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 9 to 24 form part of these financial statements.

W H SMITH & SONS HOLDINGS LIMITED
REGISTERED NUMBER:03411415

STATEMENT OF FINANCIAL POSITION
AS AT 26 APRIL 2019

| | | 26 April 2019 £ | As restated 27 April 2018 £ |
|---|------|--------------------------|--------------------------------------|
| | Note | | |
| Fixed assets | | | |
| Tangible assets | 14 | 1,628,407 | 4,953,965 |
| Investments | 15 | 402,000 | 402,000 |
| | | <u>2,030,407</u> | <u>5,355,965</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 16 | 387,009 | 2,572,578 |
| Cash at bank and in hand | 17 | 8,359,764 | 6,324,300 |
| | | <u>8,746,773</u> | <u>8,896,878</u> |
| Creditors: amounts falling due within one year | 18 | (189,400) | (1,753,965) |
| Net current assets | | <u>8,557,373</u> | <u>7,142,913</u> |
| Total assets less current liabilities | | <u>10,587,780</u> | <u>12,498,878</u> |
| Creditors: amounts falling due after more than one year | 19 | - | (385,740) |
| Net assets | | <u><u>10,587,780</u></u> | <u><u>12,113,138</u></u> |
| Capital and reserves | | | |
| Called up share capital | 23 | 11,111 | 11,111 |
| Profit and loss account | 24 | 10,576,669 | 12,102,027 |
| | | <u><u>10,587,780</u></u> | <u><u>12,113,138</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 January 2020.



C G Smith
Director

The notes on pages 9 to 24 form part of these financial statements.

W H SMITH & SONS HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 APRIL 2019**

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|-------------------|
| | £ | £ | £ |
| At 28 April 2018 | 11,111 | 12,102,027 | 12,113,138 |
| Comprehensive income for the period | | | |
| Profit for the period | - | 1,649,328 | 1,649,328 |
| Total comprehensive income for the period | - | 1,649,328 | 1,649,328 |
| Dividends: Equity capital | - | (3,174,686) | (3,174,686) |
| At 26 April 2019 | 11,111 | 10,576,669 | 10,587,780 |

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 APRIL 2018**

| | Called up share capital | Profit and loss account (restated) | Total equity |
|--|----------------------------|--|-------------------|
| | £ | £ | £ |
| At 29 April 2017 | 11,111 | 6,479,944 | 6,491,055 |
| Comprehensive income for the year | | | |
| Profit for the period | - | 5,622,083 | 5,622,083 |
| Total comprehensive income for the year | - | 5,622,083 | 5,622,083 |
| At 27 April 2018 | 11,111 | 12,102,027 | 12,113,138 |

The notes on pages 9 to 24 form part of these financial statements.

W H SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

1. General information

W H Smith & Sons Holdings Limited is a private company limited by shares and is incorporated in the United Kingdom. Its registered office is Water Orton Lane, Minworth, Sutton Coldfield, West Midlands, B76 9BG. The financial statements are prepared in sterling (£).

The principal activity of the company is that of an investment and property holding company.

The group prepares financial statements to the nearest Friday to the end of April. Accordingly, these financial statements are prepared for the 52 week period (2018: 52) from 28 April 2018 to 26 April 2019 (2018: from 29 April 2017 to 27 April 2018).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual entity and not about its group.

The company has restated its prior year Balance Sheet and Profit and Loss account, having opted to early adopt the triennial changes to FRS 102 published in December 2017. As shown in Note 14, and detailed further in note 29 investment property is now held at cost less depreciation, not fair value.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of WHS Holdco 1 Limited as at 26 April 2019 and these financial statements may be obtained from WHS Holdco 1 Limited, Water Orton Lane, Minworth, Sutton Coldfield, West Midlands, B76 7BG.

W H SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

2. Accounting policies (continued)

2.3 Going concern

The directors have prepared forecasts for covering 12 months after the report date. Based on these forecasts the directors have a reasonable expectation that the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Revenue

Rental income from investment property is accounted for on an accrual basis. All of the company's investment properties are leased to other group entities for use in the group's trading.

2.5 Other operating income

Management charges receivable are accounted for on an accruals basis.

2.6 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided on the following basis:

| | |
|-------------------|--------|
| Freehold property | - 2-5% |
| Motor vehicles | - 25% |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

2. Accounting policies (continued)

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to group undertakings.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

W H SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

2. Accounting policies (continued)

2.14 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year.

4. Turnover

Analysis of turnover by country of destination:

| | 2019 £ | 2018 £ |
|----------------|----------------|----------------|
| United Kingdom | <u>313,609</u> | <u>668,181</u> |

The company's turnover derives from its principle activity, the rental of investment properties.

5. Other operating income

| | 2019 £ | 2018 £ |
|------------------------------|------------------|------------------|
| Management charge receivable | <u>1,178,397</u> | <u>1,187,889</u> |

W H SMITH & SONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

| | 2019 | 2018 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Depreciation of tangible fixed assets owned by the company | 150,872 | 189,982 |
| Exchange differences | 13 | 1 |
| | <u>150,885</u> | <u>189,983</u> |

7. Auditor's remuneration

| | 2019 | 2018 |
|---|---------------------|---------------------|
| | £ | £ |
| Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements | 8,000 | 7,000 |
| | <u>8,000</u> | <u>7,000</u> |

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's ultimate parent, WHS Holdco 1 Limited.

8. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2019 | 2018 |
|-------------------------------------|-----------------------|-----------------------|
| | £ | £ |
| Wages and salaries | 782,752 | 750,405 |
| Social security costs | 104,904 | 99,911 |
| Cost of defined contribution scheme | 17,022 | 16,203 |
| | <u>904,678</u> | <u>866,519</u> |

The average monthly number of employees, including the directors, during the period was as follows:

| | 2019 | 2018 |
|----------------|-----------------|-----------------|
| | No. | No. |
| Administration | 7 | 7 |
| | <u>7</u> | <u>7</u> |

W H SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

9. Directors' remuneration

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Directors' emoluments | 464,086 | 463,500 |
| Company contributions to defined contribution pension schemes | 3,216 | 2,600 |
| | <u>467,302</u> | <u>466,100</u> |

The highest paid director received remuneration of £208,476 (2018 - £209,487).

10. Income from investments

Dividend income of £1,768,123 (2018: £5,157,686) was receivable from subsidiaries in the period.

11. Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|-----------------------|--------------|--------------|
| Bank interest payable | <u>4,652</u> | <u>4,744</u> |

W H SMITH & SONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

12. Taxation

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Corporation tax | | |
| Current tax on profits for the period | 80,756 | 168,505 |
| | <u>80,756</u> | <u>168,505</u> |
| Total current tax | <u>80,756</u> | <u>168,505</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (4,191) | - |
| Total deferred tax | <u>(4,191)</u> | <u>-</u> |
| Taxation on profit on ordinary activities | <u>76,565</u> | <u>168,505</u> |

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Profit on ordinary activities before tax | <u>1,725,893</u> | <u>5,790,588</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%(2018: 19%) | 327,920 | 1,100,212 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 62,170 | 13,884 |
| Fixed asset differences | 21,926 | 3,701 |
| Non-taxable income not deductible for tax purposes | (335,944) | (949,292) |
| Adjustment for changes in rate impacting deferred tax | 493 | - |
| Total tax charge for the period | <u>76,565</u> | <u>168,505</u> |

W H SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

12. Taxation (continued)

Factors that may affect future tax charges

The main rate of corporation tax has reduced from 1 April 2017 to 19% and will reduce to 17% from 1 April 2020 (a change which was substantively enacted as of 21 July 2015 as part of the Finance Bill 2015).

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and affect the company's deferred tax asset accordingly.

13. Dividends

| | 26 April 2019 £ | 27 April 2018 £ |
|----------------|-----------------------|-----------------------|
| Dividends paid | <u>3,174,686</u> | <u>-</u> |

W H SMITH & SONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

14. Tangible fixed assets

| | Freehold property £ | Motor vehicles £ | Total £ |
|--------------------------|---------------------------|------------------------|------------------|
| Cost or valuation | | | |
| At 28 April 2018 | 6,740,893 | 141,880 | 6,882,773 |
| Disposals | (4,880,533) | - | (4,880,533) |
| At 26 April 2019 | <u>1,860,360</u> | <u>141,880</u> | <u>2,002,240</u> |
| Depreciation | | | |
| At 28 April 2018 | 1,866,577 | 62,231 | 1,928,808 |
| Charge for the period | 115,402 | 35,470 | 150,872 |
| Disposals | (1,705,847) | - | (1,705,847) |
| At 26 April 2019 | <u>276,132</u> | <u>97,701</u> | <u>373,833</u> |
| Net book value | | | |
| At 26 April 2019 | <u>1,584,228</u> | <u>44,179</u> | <u>1,628,407</u> |
| At 27 April 2018 | <u>4,874,316</u> | <u>79,649</u> | <u>4,953,965</u> |

The net book value of land and buildings may be further analysed as follows:

| | 26 April 2019 £ | 27 April 2018 £ |
|---------------------|-----------------------|-----------------------|
| Investment property | <u>1,584,228</u> | <u>4,874,316</u> |

W H SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

15. Fixed asset investments

| | Investments in subsidiary companies £ |
|--------------------------|---|
| Cost or valuation | |
| At 28 April 2018 | 402,000 |
| At 26 April 2019 | 402,000 |
| Net book value | |
| At 26 April 2019 | 402,000 |
| At 27 April 2018 | 402,000 |

Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|---|--|---|-----------------|---------|
| WHS Plastics Limited | Water Orton Lane, Minworth, Sutton Coldfield, West Midlands, B76 9BG | Manufacture of tools and plastic mouldings | Ordinary | 100% |
| Electron Technical Solutions Limited | Water Orton Lane, Minworth, Sutton Coldfield, West Midlands, B76 9BG | Painting of moulded parts | Ordinary | 100% |
| WHS Plastics Egypt S.A.E. | Public Free Zone, Al Wafaa WA Al Amal, Nasr City, Egypt | Manufacture of plastics moulding | Ordinary | 98% |

Electron Technical Solutions Limited is held indirectly through another group company, WHS Plastics Limited. All other subsidiaries are held directly.

W H SMITH & SONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

16. Debtors

| | 26 April 2019 £ | <i>27 April 2018 £</i> |
|------------------------------------|--------------------------------|--------------------------------|
| Amounts owed by group undertakings | 368,298 | 2,559,406 |
| Other debtors | 3,492 | 1,970 |
| Tax recoverable | - | 174 |
| Deferred taxation | 15,219 | 11,028 |
| | <u>387,009</u> | <u>2,572,578</u> |

Amounts owed by group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

17. Cash and cash equivalents

| | 26 April 2019 £ | <i>27 April 2018 £</i> |
|--------------------------|--------------------------------|--------------------------------|
| Cash at bank and in hand | <u>8,359,764</u> | <u>6,324,300</u> |

18. Creditors: Amounts falling due within one year

| | 26 April 2019 £ | <i>27 April 2018 £</i> |
|------------------------------------|--------------------------------|--------------------------------|
| Bank loans | - | 105,959 |
| Trade creditors | 41,261 | 53,070 |
| Corporation tax | 49,356 | 104,636 |
| Other taxation and social security | 36,920 | 36,869 |
| Accruals and deferred income | 61,863 | 146,031 |
| Dividends payable | - | 1,307,400 |
| | <u>189,400</u> | <u>1,753,965</u> |

W H SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

19. Creditors: Amounts falling due after more than one year

| | 26 April 2019 £ | 27 April 2018 £ |
|------------|-----------------------|-----------------------|
| Bank loans | - | 385,740 |

20. Loans

Analysis of the maturity of loans is given below:

| | 26 April 2019 £ | 27 April 2018 £ |
|--|-----------------------|-----------------------|
| Amounts falling due within one year | | |
| Bank loans | - | 105,959 |
| Amounts falling due 1-2 years | | |
| Bank loans | - | 107,740 |
| Amounts falling due 2-5 years | | |
| Bank loans | - | 278,000 |
| | - | 491,699 |

The company held a bank loan with HSBC Bank plc which was fully repaid during the current period. Prior to their repayment, interest was charged on the loan at 1.5% per annum over the Bank of England base rate.

W H SMITH & SONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

21. Financial instruments

| | 26 April 2019 £ | 27 April 2018 £ |
|--|-----------------------|-----------------------|
| Financial assets | | |
| Cash and cash equivalents | 8,359,764 | 6,324,300 |
| Financial assets measured at amortised cost | 371,790 | 2,561,376 |
| | <u>8,731,554</u> | <u>8,885,676</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>(103,124)</u> | <u>(1,892,000)</u> |

Cash and cash equivalents comprise cash in hand and deposits.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial Liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, obligations under finance leases, dividends payable and accruals.

22. Deferred taxation

| | 2019 £ |
|----------------------------|---------------|
| At beginning of period | 11,028 |
| Credited to profit or loss | 4,191 |
| At end of year | <u>15,219</u> |

The deferred tax asset is made up as follows:

| | 26 April 2019 £ | 27 April 2018 £ |
|--------------------------------|-----------------------|-----------------------|
| Short term timing differences | 305 | - |
| Fixed asset timing differences | 14,914 | 11,028 |
| | <u>15,219</u> | <u>11,028</u> |

W H SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

23. Share capital

| | 26 April 2019 £ | 27 April 2018 £ |
|---|-----------------------|-----------------------|
| Allotted, called up and fully paid | | |
| 11,111 (2018 - 11,111) Ordinary shares of £1 each | 11,111 | 11,111 |

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

24. Reserves

Profit and loss account

The profit and loss account represents current and prior periods earnings, net of dividends.

25. Capital commitments

The company had capital commitments for a motor vehicle of £52,500 (2018: £Nil).

26. Pension commitments

The company operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the company to the scheme and amounted to £17,022 (2018: £16,203). Contributions totaling £1,791 (2018: £1,767) were outstanding at the end period and are included in accruals.

27. Related party transactions

The company owns 98% of WHS Plastics Egypt S.A.E. During the period a management charge of £Nil (2018: £63,132) was payable by and £12,150 (2018: £22,824) of costs were recharged from WHS Plastics Egypt S.A.E. Included in the amounts owed by group undertakings is an amount owed by WHS Plastics Limited of £175,108 (2018: £175,769).

The company is a wholly owned subsidiary of WHS Holdco 1 Limited and has taken advantage of the exemption in Financial Reporting Standard 102 Section 33 "Related Party Disclosures" not to disclose transactions with its parent or fellow subsidiary undertakings.

28. Controlling party

The ultimate parent undertaking is WHS Holdco 1 Limited and the ultimate controlling party of this company is Mr C G Smith, a director and majority shareholder.

W H SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

29. Early adoption of all amendments to FRS 102

The company has elected to apply all amendments to FRS 102 as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019. The company has elected to account for investment property rented to other group undertakings at cost less depreciation and impairment rather than fair value. The impact of the early adoption of all amendments to FRS102 is as follows:

| | Company £ |
|---|-------------------|
| Reconciliation of equity at 29 April 2017 | |
| Equity at 29 April 2017 under previous FRS 102 | 9,803,325 |
| 1. Investment property adjustment | (3,323,381) |
| | <hr/> |
| Equity at 29 April 2017 under amended FRS 102 | 6,479,944 |
| | <hr/> |
| | |
| | Company £ |
| Reconciliation of equity at 27 April 2018 | |
| Equity at 29 April 2018 under previous FRS 102 | 14,587,634 |
| 1. Investment property adjustment | (2,485,607) |
| | <hr/> |
| Equity at 27 April 2018 under amended FRS 102 | 12,102,027 |
| | <hr/> |
| | |
| | Company £000 |
| Reconciliation of profit and loss account for the period ended 27 April 2018 | |
| Profit for the year under FRS | 4,784,309 |
| 1. Reversal of revaluation deficit | 1,000,000 |
| 2. Depreciation charged | (162,226) |
| | <hr/> |
| Profit for the period ended 27 April 2018 under amended FRS 102 | 5,622,083 |
| | <hr/> |