

W.H. SMITH & SONS HOLDINGS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 APRIL 2018**

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W.H. SMITH & SONS HOLDINGS LIMITED

COMPANY INFORMATION

Directors

F H Smith
C G Smith
J H Smith
B J Smith

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 & Senior Statutory Auditor
The Colmore Building
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

W.H. SMITH & SONS HOLDINGS LIMITED

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GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 27TH APRIL 2018

Business review and future developments

2017/18 was a year of further growth for the business with turnover increasing by a 10% year on year.

The significant investment at the Minworth site in the previous year was utilized including the new painting facility starting production. A new warehouse facility close to the Minworth site was rented during the year to further support the growth in operations.

Turnover increased at the Runcorn site as the facilities ran at near to maximum output.

The Egyptian company continued to perform well and continues to offer customers high quality products produced in a lower cost base facility.

Consolidated Operating Profit increased by 15% in the year. This was mainly driven by the additional sales but also reflected that the one off costs in the prior year associated with the introduction of new work were not at the same level in 2017/18.

The company has a strong order book for new incremental work that will be come in to production across the next two years.

The strength of the balance sheet will continue give both new and existing customers confidence when assessing supplier risk.

The group will continue to be committed to UK manufacturing operations and together with the Cairo facility will be best placed to meet all customer needs.

Staff numbers increased in the year to 1,024 compared to 851 in the prior year. Extensive training programmes were run in the year to both support staff moving in to new roles and to improve continuous improvement activities across all businesses.

The dedication and hard work of staff has been of paramount importance in achieving improvements in day to day operational performance whilst at the same time managing the significant growth that the company has achieved.

The group are looking forward to a positive future and being able to deliver growth to better serve our customers and provide opportunities for all our employees.

Financial key performance indicators

The group's basic KPI performance for the period is set out in the table below:

	2018	2017
Gross margin	25.1%	24.7%
Operating margin	13.6%	13.1%

Definitions

1. Gross margin = gross profit expressed as a percentage of turnover
2. Operating margin = operating profit expressed as a percentage of turnover

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 27TH APRIL 2018

Principal risks and uncertainties

The key areas of risk to the business are:

- i) Raw material price increases - All increases are mitigated by robust purchasing but where unavoidable such increases are passed on to customers.
- ii) A downturn in automotive markets - Short term market fluctuations may occur due to Brexit uncertainty and engine emissions policy but our key automotive customers continue to invest substantially in new models for which we are well placed to gain additional business. The company has low levels of borrowings and is continuing to seek to expand non automotive work with existing and new customers.

Financial risk management objectives and policies

It is the company's policy not to enter into trading of a speculative nature in respect of financial instruments. The company buys and sells mainly in Sterling and Euro currencies. Management seek to match the inflows and outflows in both currencies as closely as possible in order to minimize exchange rate risk.

Credit risk

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the company. Management has a credit policy in place with credit limits that are operated per customer based on independent credit rating agencies where available. Immediate action is taken when debts become overdue beyond agreed terms.

Price risk

The company is exposed to price risk on raw material purchases and energy costs. By means of robust purchasing and operational improvements the group look to minimize such impacts. Should increases be unavoidable then price increases will be implemented in order to maintain required margins..

Cash flow and liquidity risk

Liquidity risk is the risk that the company may not be able to meet its financial obligations as they fall due. The company ensures that there are sufficient levels of cash and cash equivalents at all times to meet its financial obligations.

This report was approved by the board on 18 December 2018 and signed on its behalf.

C G Smith
Director



**DIRECTORS' REPORT
FOR THE PERIOD ENDED 27TH APRIL 2018**

The directors present their report and the financial statements for the period ended 27 April 2018.

The group prepares financial statements to the nearest Friday to the end of April. Accordingly, these financial statements are prepared for the 52 (2017: 52) week year from 29 April 2017 to 27 April 2018 (2017: from 30 April 2016 to 28 April 2017).

Results and dividends

The profit for the period, after taxation and minority interests, amounted to £8,300,000 (2017: £7,242,000).

Dividends of £Nil (2017: £1,500k) were paid during the period.

Directors

The directors who served during the period were:

F H Smith
C G Smith
J H Smith
B J Smith

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. 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 of the company and the group and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 27TH APRIL 2018

Employee involvement

During the year the group has continued to develop and improve arrangements aimed at involving employees in all of its affairs in so far as they affect employees.

Disabled employees

The group has a policy of giving full and just consideration to applicants for employment made by disabled persons, together with a policy of fulfilling its obligations towards employees who are disabled or become disabled during the period when they are employed by the group.

Matters covered in the strategic report

For a review of the business and future developments, details of financial risk management objectives and policies, financial key performance indicators and principal risks and uncertainties please refer to the strategic report.

Directors indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

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 and the group'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 and the group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the group since the year end.

Auditor

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

This report was approved by the board on 18 December 2018 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 'parent company') and its subsidiaries (the 'group') for the period ended 27th April 2018, which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company Statements of changes in equity and the Consolidated statement of cash flows and the related notes, 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 group's and of the parent company's affairs as at 27th April 2018 and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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.



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

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 group's or the parent 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual 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 Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.



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

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.



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

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.

Grant Thornton UK LLP

Rebecca Eagle
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date:

21 December 2018

W.H. SMITH & SONS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 27 APRIL 2018

	Note	2018 £000	2017 £000
Turnover	4	75,242	68,276
Cost of sales		(56,367)	(51,405)
Gross profit		18,875	16,871
Administrative expenses		(8,722)	(8,080)
Other operating income	5	97	117
Operating profit	6	10,250	8,908
Interest receivable and similar income	10	-	17
Interest payable and similar charges	11	(140)	(61)
Profit before taxation		10,110	8,864
Tax on profit	12	(1,722)	(1,483)
Profit for the financial period		8,388	7,381
Profit for the period attributable to:			
Non-controlling interests		88	139
Owners of the parent company		8,300	7,242
		8,388	7,381

There was no other comprehensive income for 2018 (2017: £Nil).

The notes on pages 16 to 38 form part of these financial statements.

W.H. SMITH & SONS HOLDINGS LIMITED
REGISTERED NUMBER:03411415

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 27 APRIL 2018

	Note	27 April 2018 £000	28 April 2017 £000
Fixed assets			
Tangible assets	14	20,983	20,648
Current assets			
Stocks	17	9,037	10,374
Debtors: amounts falling due within one year	18	16,026	15,902
Cash at bank and in hand	19	11,469	5,426
		<u>36,532</u>	<u>31,702</u>
Creditors: amounts falling due within one year	20	(14,592)	(17,980)
Net current assets		<u>21,940</u>	<u>13,722</u>
Total assets less current liabilities		<u>42,923</u>	<u>34,370</u>
Creditors: amounts falling due after more than one year	21	(2,988)	(2,519)
Provisions for liabilities			
Deferred taxation	25	(513)	(415)
		<u>(513)</u>	<u>(415)</u>
Net assets		<u><u>39,422</u></u>	<u><u>31,436</u></u>
Capital and reserves			
Called up share capital	26	11	11
Revaluation reserve	27	1,213	1,237
Profit and loss account	27	38,056	29,650
Equity attributable to owners of the parent company		<u>39,280</u>	<u>30,898</u>
Non-controlling interests		142	538
		<u><u>39,422</u></u>	<u><u>31,436</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
18 December 2018

C G Smith
Director



The notes on pages 16 to 38 form part of these financial statements.

W.H. SMITH & SONS HOLDINGS LIMITED
REGISTERED NUMBER:03411415

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 27 APRIL 2018

	Note	27 April 2018 £000	28 April 2017 £000
Fixed assets			
Tangible assets	14	80	35
Investments	15	402	402
Investment property	16	7,359	7,627
		<u>7,841</u>	<u>8,064</u>
Current assets			
Debtors: amounts falling due within one year	18	2,572	2,250
Cash at bank and in hand	19	6,324	1,987
		<u>8,896</u>	<u>4,237</u>
Creditors: amounts falling due within one year	20	(1,754)	(2,487)
Net current assets		<u>7,142</u>	<u>1,750</u>
Total assets less current liabilities		<u>14,983</u>	<u>9,814</u>
Creditors: amounts falling due after more than one year	21	(386)	-
Net assets		<u><u>14,597</u></u>	<u><u>9,814</u></u>
Capital and reserves			
Called up share capital	26	11	11
Profit and loss account brought forward		9,803	8,431
Profit for the period		4,783	2,872
Dividends: equity capital		-	(1,500)
Profit and loss account carried forward		<u>14,586</u>	<u>9,803</u>
		<u><u>14,597</u></u>	<u><u>9,814</u></u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2018.

C G Smith
Director



The notes on pages 16 to 38 form part of these financial statements.

W.H. SMITH & SONS HOLDINGS LIMITED

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

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity £000
At 29th April 2017	11	1,237	29,650	30,898	538	31,436
Comprehensive income for the period						
Profit for the period	-	-	8,300	8,300	88	8,388
Total comprehensive income for the period	-	-	8,300	8,300	88	8,388
Transfer to/from retained earnings	-	(24)	24	-	-	-
Acquisition of minority interest	-	-	82	82	(484)	(402)
At 27th April 2018	11	1,213	38,056	39,280	142	39,422

The notes on pages 16 to 38 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 APRIL 2017**

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity £000
At 30th April 2016	11	1,261	23,884	25,156	399	25,555
Comprehensive income for the period						
Profit for the period	-	-	7,242	7,242	139	7,381
Total comprehensive income for the period	-	-	7,242	7,242	139	7,381
Dividends: Equity capital	-	-	(1,500)	(1,500)	-	(1,500)
Transfer to/from retained earnings	-	(24)	24	-	-	-
At 28th April 2017	11	1,237	29,650	30,898	538	31,436

The notes on pages 16 to 38 form part of these financial statements.

W.H. SMITH & SONS HOLDINGS LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 29th April 2017	11	9,803	9,814
Comprehensive income for the period			
Profit for the period	-	4,783	4,783
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	4,783	4,783
	<hr/>	<hr/>	<hr/>
At 27th April 2018	11	14,586	14,597
	<hr/>	<hr/>	<hr/>

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 APRIL 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 30th April 2016	11	8,431	8,442
Comprehensive income for the period			
Profit for the period	-	2,872	2,872
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	2,872	2,872
	<hr/>	<hr/>	<hr/>
Distributions to owners			
Dividends: Equity capital	-	(1,500)	(1,500)
	<hr/>	<hr/>	<hr/>
At 28th April 2017	11	9,803	9,814
	<hr/>	<hr/>	<hr/>

The notes on pages 16 to 38 form part of these financial statements.

W.H. SMITH & SONS HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 27TH APRIL 2018**

	Period ended 28 April 2018 £000	<i>Period ended 29 April 2017 £000</i>
Cash flows from operating activities		
Profit for the financial period	8,388	7,381
Adjustments for:		
Depreciation of tangible assets	2,605	1,850
Loss on disposal of tangible assets	-	(12)
Interest paid	140	61
Interest received	-	(17)
Taxation charge	1,722	1,483
Decrease/(increase) in stocks	1,337	(2,484)
(Increase) in debtors	(124)	(3,788)
(Decrease)/increase in creditors	(3,478)	4,672
Corporation tax (paid)	(1,433)	(1,422)
Net cash generated from operating activities	9,157	7,724
Cash flows from investing activities		
Purchase of tangible fixed assets	(700)	(7,570)
Sale of tangible fixed assets	-	41
Interest received	-	17
HP interest paid	(99)	(40)
Purchase of minority interest	(250)	-
Net cash from investing activities	(1,049)	(7,552)

W.H. SMITH & SONS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 27TH APRIL 2018

	27 April 2018 £000	28 April 2017 £000
Cash flows from financing activities		
New bank loan net of repayments	492	-
Repayment of finance leases	(1,650)	(153)
Dividends paid	(866)	(2,327)
Interest paid	(41)	(21)
Net cash used in financing activities	(2,065)	(2,501)
Net increase/(decrease) in cash and cash equivalents	6,043	(2,329)
Cash and cash equivalents at beginning of period	5,426	7,755
Cash and cash equivalents at the end of period	11,469	5,426
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	11,469	5,426
	11,469	5,426

The notes on pages 16 to 38 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

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 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 (2017: 52) from 29 April 2017 to 27 April 2018 (2017: from 30 April 2016 to 28 April 2017).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of plastic injection and painted plastic moulding is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide tooling is recognised in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 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 group 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 group. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold buildings	- 2% to 4%
L/Term leasehold property	- over period of lease
Plant & machinery	- 7.5% to 25%
Motor vehicles	- 25%
Fixtures & fittings	- 10% to 50%

2.6 Operating leases: lessee

Rentals paid under operating leases are charged to Consolidated statement of comprehensive income on a straight line basis over the period of the lease.

2.7 Operating leases: lessor

Rentals income from operating leases is credited to the Consolidated statement of comprehensive income on a straight line basis over the term of the relevant lease.

2.8 Investment properties

Investment properties are carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the profit and loss of the company.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

2. Accounting policies (continued)

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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.13 Financial instruments

The group only enters into basic financial instruments 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 related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, 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 creditors or debtors, 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Consolidated 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.

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 group 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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

2. Accounting policies (continued)

2.15 Foreign currency translation

Functional and presentation currency

The group's functional and presentation currency is GBP. All financial information presented in GBP is rounded-off to the nearest pound, except when otherwise stated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'Administrative expenses'.

2.16 Finance costs

Finance costs are charged to the Consolidated 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.

2.17 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.

2.18 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated 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 group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

2. Accounting policies (continued)

2.19 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the period in which they are incurred.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.22 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated 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 and the group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

2. Accounting policies (continued)

2.23 Research and development

Expenditure on research and development is written off to the Consolidated statement of comprehensive income in the period in which it is incurred.

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. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Stock

Certain factors could affect the realisable value of the group's stocks, including customer demand and market conditions. The group considered usage, anticipated sales price, effect of new product introductions, periodic obsolescence and other factors when evaluating the value.

Revenue from tooling

Determining the amount to be recognised as revenue from tooling, including the recoverable work-in-progress requires significant judgements and estimates. Revenue is recognised in the profit and loss account based on the stage of completion of the tool. If a tooling project is identified as loss making, the full loss is taken immediately to the profit and loss account in the period..

Investment property valuation

The company uses the valuations performed by its independent valuers or the directors as the fair value of its investment properties. The valuation is based upon assumptions including future rental income, anticipated maintenance costs and on the appropriate discount rate. The valuer and directors also make reference to market evidence of transaction prices for similar properties.

There are no other 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.

W.H. SMITH & SONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018**

4. Turnover

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	60,090	56,502
Rest of European Union	9,459	8,738
Rest of the world	5,693	3,036
	75,242	68,276

An analysis of turnover by class of business is as follows:

	2018 £000	2017 £000
Sale of plastic products	63,359	52,284
Tooling services	11,883	15,992
	75,242	68,276

5. Other operating income

	2018 £000	2017 £000
Net rents receivable	97	117

6. Operating profit

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

	2018 £000	2017 £000
Depreciation of tangible fixed assets owned by the group	1,911	1,528
Depreciation of tangible fixed assets held under finance leases	694	322
Foreign exchange differences	(330)	(127)
Other operating lease rentals		
- plant and machinery	62	60
- other operating leases	1,775	700
Profit on disposal of tangible assets	-	(12)

W.H. SMITH & SONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018**

7. Auditor's remuneration

	2018	2017
	£000	£000
Audit services		
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	7	7
Audit of the financial statements of subsidiaries	38	36
	<u>45</u>	<u>43</u>
Non audit services		
Other services relating to taxation	11	10
Preparation of financial statements	2	2
	<u>13</u>	<u>12</u>

8. Employees

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

	Group	<i>Group</i>	Company	<i>Company</i>
	27 April	<i>28 April</i>	27 April	<i>28 April</i>
	2018	<i>2017</i>	2018	<i>2017</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Wages and salaries	20,005	16,951	750	724
Social security costs	1,656	1,406	100	98
Cost of defined contribution scheme	552	426	16	13
	<u>22,213</u>	<u>18,783</u>	<u>866</u>	<u>835</u>

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

	Group	<i>Group</i>	Company	<i>Company</i>
	2018	<i>2017</i>	2018	<i>2017</i>
	No.	<i>No.</i>	No.	<i>No.</i>
Sales	7	6	-	-
Administration	62	75	7	7
Production	955	770	-	-
	<u>1,024</u>	<u>851</u>	<u>7</u>	<u>7</u>

W.H. SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

9. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	907	432
Company contributions to defined contribution pension schemes	23	13
	<u>930</u>	<u>445</u>

The highest paid director received remuneration of £209k (2017: £170k).

10. Interest receivable and similar income

	2018 £000	2017 £000
Bank interest	-	17
	<u>-</u>	<u>17</u>

11. Interest payable and similar charges

	2018 £000	2017 £000
On bank loans and overdrafts	33	4
Other interest payable	8	17
On finance leases and hire purchase contracts	99	40
	<u>140</u>	<u>61</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

12. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	1,632	1,275
Adjustments in respect of previous periods	(8)	(32)
	<u>1,624</u>	<u>1,243</u>
Deferred tax		
Origination and reversal of timing differences	102	223
Effect of tax rate change on opening balance	-	(11)
Adjustments in respect of prior periods	(4)	28
Total deferred tax	<u>98</u>	<u>240</u>
Taxation on profit on ordinary activities	<u>1,722</u>	<u>1,483</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2017: *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.92%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	<u>10,110</u>	<u>8,864</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.92%)	1,921	1,765
Effects of:		
Expenses not deductible for tax purposes	107	75
Adjustments to tax charge in respect of prior periods	(8)	(32)
Adjust deferred tax to average rate	(11)	-
Adjustments to tax charge in respect of previous periods - deferred tax	(4)	28
Other short term timing differences	-	11
Lower tax rates on overseas earnings	(290)	(358)
Deferred tax not recognised	7	(6)
Total tax charge for the period	<u>1,722</u>	<u>1,483</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

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 group's future current tax charge and reduce the group's deferred tax liability accordingly.

13. Dividends

	27 April 2018 £000	28 April 2017 £000
Dividends accrued	-	1,500

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

14. Tangible fixed assets

Group

	Freehold land and buildings £000	L/Term leasehold property £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Assets under construction £000	Total £000
Cost							
At 29 April 2017	7,809	124	28,684	491	2,842	569	40,519
Additions	737	198	1,612	88	157	148	2,940
Disposals	-	-	-	(25)	-	-	(25)
Transfers between classes	-	-	668	-	-	(668)	-
At 27th April 2018	8,546	322	30,964	554	2,999	49	43,434
Depreciation							
At 29 April 2017	2,681	119	15,006	364	1,701	-	19,871
Charge for the year	281	127	1,930	65	202	-	2,605
Disposals	-	-	-	(25)	-	-	(25)
At 27th April 2018	2,962	246	16,936	404	1,903	-	22,451
Net book value							
At 27th April 2018	5,584	76	14,028	150	1,096	49	20,983
At 28th April 2017	5,128	5	13,678	127	1,141	569	20,648

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	27 April 2018 £000	28 April 2017 £000
Plant and machinery	5,848	4,866

W.H. SMITH & SONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018**

14. Tangible fixed assets (continued)

Company

	Motor vehicles £000
Cost	
At 29 April 2017	69
Additions	73
	<hr/>
At 27th April 2018	142
	<hr/>
Depreciation	
At 29 April 2017	34
Charge for the year	28
	<hr/>
At 27th April 2018	62
	<hr/>
Net book value	
At 27th April 2018	80
	<hr/> <hr/>
At 28th April 2017	35
	<hr/> <hr/>

Group

Included in land and buildings is freehold land at valuation of £350,000 (2017: £350,000) which is not depreciated.

Included in freehold land and buildings is a property which was revalued on its transfer from a subsidiary company WHS Plastics Limited in 1999 at open market value with existing use at £3,250,000.

The land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	27 April 2018 £000	28 April 2017 £000
Land and buildings	2,026	2,026
Plant and machinery	(1,112)	(1,088)
	<hr/>	<hr/>
	914	938
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018**

15. Fixed asset investments**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
WHS Plastics Limited	Ordinary	100 %	Manufacture of tools and plastic mouldings
Electron Technical Solutions Limited	Ordinary	100 %	Painting of moulded parts
WHS Plastics Egypt S.A.E.	Ordinary	98 %	Manufacture of plastics moulding

Electron Technical Solutions Limited is owned indirectly through another group company, which purchased the remaining 10% minority interest on 16 August 2017 for £400k, £150k of which is deferred and included within other creditors as at 27 April 2018.

WHS Plastics Limited and Electron Technical Solutions Limited are incorporated in United Kingdom. WHS Plastics Egypt S.A.E is incorporated in Egypt.

Company

	Investments in subsidiary companies £000
Cost	
At 29 April 2017	402
At 27th April 2018	402
Net book value	
At 27th April 2018	402
At 28th April 2017	402

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

16. Investment properties

Company

Freehold
investment
properties
£000

Valuation

At 29 April 2017	7,627
Additions at cost	732
Deficit on revaluation	(1,000)

At 27th April 2018	7,359
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The company's investment properties were valued by Darby Keye Property as at 27 April 2018, using RICS guidelines based on market values.

17. Stocks

	Group 27 April 2018 £000	Group 28 April 2017 £000	Company 27 April 2018 £000	Company 28 April 2017 £000
Raw materials	4,139	3,652	-	-
Work in progress	2,413	5,131	-	-
Finished goods and goods for resale	2,485	1,591	-	-
	<u>9,037</u>	<u>10,374</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the period was £50,860,000 (2017: £44,794,000).

A reversal of impairment loss of £395,000 (2017: reversal of impairment loss of £181,000) was recognised in cost of sales against stock during the period due to reassessment of slow-moving and obsolete stock.

W.H. SMITH & SONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018**

18. Debtors

	Group 27 April 2018 £000	<i>Group 28 April 2017 £000</i>	Company 27 April 2018 £000	<i>Company 28 April 2017 £000</i>
Trade debtors	15,046	15,317	-	-
Amounts owed by group undertakings	-	-	2,559	2,233
Other debtors	28	8	2	5
Prepayments and accrued income	952	577	-	-
Deferred taxation	-	-	11	12
	<u>16,026</u>	<u>15,902</u>	<u>2,572</u>	<u>2,250</u>

An impairment loss of £37,000 (2017: reversal of impairment loss of £30,000) was recognised in the year against trade debtors.

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

19. Cash and cash equivalents

	Group 27 April 2018 £000	<i>Group 28 April 2017 £000</i>	Company 27 April 2018 £000	<i>Company 28 April 2017 £000</i>
Cash at bank and in hand	11,469	5,426	6,324	1,987

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

20. Creditors: Amounts falling due within one year

	Group 27 April 2018 £000	<i>Group</i> <i>28 April</i> <i>2017</i> <i>£000</i>	Company 27 April 2018 £000	<i>Company</i> <i>28 April</i> <i>2017</i> <i>£000</i>
Bank loans	106	-	106	-
Trade creditors	6,626	10,488	53	34
Amounts owed to group undertakings	-	-	-	4
Dividends payable	1,307	2,173	1,307	2,173
Amounts owed to directors	-	4	-	-
Corporation tax	701	511	105	106
Other taxation and social security	1,768	675	37	38
Obligations under finance leases and hire purchase contracts	1,509	1,002	-	-
Other creditors	984	640	-	-
Accruals and deferred income	1,591	2,487	146	132
	14,592	17,980	1,754	2,487

Obligations in respect of the finance leases and hire purchase are secured against the assets to which they relate.

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

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

	Group 27 April 2018 £000	<i>Group</i> <i>28 April</i> <i>2017</i> <i>£000</i>	Company 27 April 2018 £000	<i>Company</i> <i>28 April</i> <i>2017</i> <i>£000</i>
Bank loans	386	-	386	-
Obligations under finance leases and hire purchase contracts	2,602	2,519	-	-

Obligations in respect of the finance leases and hire purchase are secured against the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

22. Loans

	Group 27 April 2018 £000	Group 28 April 2017 £000	Company 27 April 2018 £000	Company 28 April 2017 £000
Amounts falling due within one year				
Bank loans	106	-	106	-
Amounts falling due 1-2 years				
Bank loans	108	-	108	-
Amounts falling due 2-5 years				
Bank loans	278	-	278	-
	492	-	492	-

A bank loan with HSBC was taken out on 12 October 2017 for £544k. The loan is repayable in monthly instalments over a 5 year period, Interest is charged at 1.5% per annum over the Bank of England base rate. The loan is secured by the freehold property.

23. Finance leases and hire purchase

Minimum lease payments under hire purchase fall due as follows:

	Group 27 April 2018 £000	Group 28 April 2017 £000
Within one year	1,509	1,002
Between 1-5 years	2,602	1,005
Over 5 years	-	1,514
	4,111	3,521

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

24. Financial instruments

	Group 27 April 2018 £000	Group 28 April 2017 £000	Company 27 April 2018 £000	Company 28 April 2017 £000
Financial assets				
Cash and cash equivalents	11,469	5,426	6,324	1,987
Financial assets measured at amortised cost	15,074	15,327	2,561	2,238
	<u>26,543</u>	<u>20,753</u>	<u>8,885</u>	<u>4,225</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(15,111)	(18,593)	-	(2,248)

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 directors and other debtors.

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

25. Deferred taxation

Group

	2018 £000
At beginning of year	(415)
Charged to profit or loss	(98)
At end of year	<u>(513)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

25. Deferred taxation (continued)

Company

	2018 £000
At beginning of year	12
Charged to profit or loss	(1)
At end of year	11

The provision for deferred taxation is made up as follows:

	Group 27 April 2018 £000	Group 28 April 2017 £000	Company 27 April 2018 £000	Company 28 April 2017 £000
Fixed asset timing differences	(533)	(440)	11	11
Other timing differences	20	25	-	1
	(513)	(415)	11	12

26. Share capital

	27 April 2018 £000	28 April 2017 £000
Allotted, called up and fully paid		
11,111 Ordinary shares of £1 each	11	11

27. Reserves

Revaluation reserve

The revaluation reserve account represents surplus arising on the valuation of the freehold land and buildings, net of the amount transferred to profit and loss account.

Profit & loss account

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

28. Capital commitments

At 28 April 2018 the group had capital commitments of £Nil (2017: £Nil). The company had capital commitments of £Nil (2017: £Nil).

29. Pension commitments

The group operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the group to the scheme and amounted to £551,559 (2017: £426,244).

Contributions amounting to £65,003 (2017: £56,250) were payable to the scheme at the year end and are included in creditors.

30. Commitments under operating leases

At 27th April 2018 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 27 April 2018 £000	<i>Group 28 April 2017 £000</i>
Not later than 1 year	503	<i>1,419</i>
Later than 1 year and not later than 5 years	556	<i>439</i>
	1,059	<i>1,858</i>

The company had commitments under operating leases of £Nil (2017: £Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27TH APRIL 2018

31. Related party transactions

Group

The group rents 2 factories from C G Smith, a director of the group and majority shareholder. During the period £635,000 (2017: £532,234) was charged to the group. There are no outstanding amounts owed at the period end (2017: £Nil).

The group rents additional storage space in a property owned by WH Smith & Sons (Tools) Limited Retirement Benefit Scheme. During the period £120,000 (2017: £120,000) was paid. C G Smith is a beneficiary of this fund. There are no outstanding amounts owed at the period end (2017: £Nil).

The group has traded with Tame Construction Limited, a company in which C G Smith is a director and majority shareholder. Transactions with this related party included purchase of services of £354,636 (2017: £988,790) and a recharge of costs incurred by the group on behalf of Tame Construction Limited of £36,006 (2017: £18,114). Included in trade creditors is an amount of £20,977 (2017: £53,929) owing to Tame Construction at the year end.

Included in amounts owed to directors is an amount owed to C G Smith of £Nil (2017: £3,647), and included in amounts owed by directors is an amount owed by F H Smith of £Nil (2017: £Nil).

Total key management personnel compensation during the year was £1,350,981 (2017: £736,870).

Company

The company owns 98% of WHS Plastics Egypt S.A.E. During the period, intercompany interest of £63,132 (2017: £Nil) was payable and £22,824 (2017: £10,734) 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 Egypt S.A.E. of £175,769 (2017: £73,867).

Dividends totalling £Nil (2017: £1,500k) were accrued and paid to C G Smith and the other shareholders.

All balances and transactions between group companies have been fully eliminated in the consolidated results of the group.

The company is a wholly owned subsidiary of W. H. Smith & Sons Holdings 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.

32. Controlling party

The ultimate controlling party of the company is C G Smith, a director and majority shareholder.