

W.H. SMITH & SONS HOLDINGS LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 29 APRIL 2022



W.H. SMITH & SONS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	B J Smith C G Smith F H Smith
Registered number	03411415
Registered office	Water Orton Lane Minworth Sutton Coldfield West Midlands
Independent auditors	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Cubo Birmingham Office 401, 4th Floor Two Chamberlain Square Birmingham B3 3AX

W.H. SMITH & SONS HOLDINGS LIMITED

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W.H. SMITH & SONS HOLDINGS LIMITED**STRATEGIC REPORT
FOR THE PERIOD ENDED 29 APRIL 2022****Introduction**

The company prepares the financial statements to the nearest Friday to the end of April. Accordingly, these financial statements are for the 52 (2021: 52) week period from 1 May 2021 to 29 April 2022 (2021: from 2 May 2020 to 30 April 2021).

The principal activity of the company is that of a holding company.

Business review

W. H. Smith & Sons Holdings Limited is an intermediate holding company of the WHS Holdco 1 group (the group).

Trading continued to be significantly impacted by the worldwide semi-conductor shortage, which has led to significantly impacted production volumes for the global automotive sector, as well as many other industrial sectors.

However, underlying market demand for the automotive sector remains strong, leading to large order books, but supply chain and production issues has led to this demand not being met.

The group has continued to win new work from existing customers and has also been successful in gaining new customers attracted by excellent manufacturing facilities and the ability to take on transfer work in a short timescale.

The continued strength of the balance sheet will give both new and existing customers confidence when assessing supplier risk in an increasingly competitive market place. The company remains well placed to take on additional work as the automotive markets recover and competitors are constrained by lack of capacity or funding.

Financial key performance indicators

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

	29 April 2022	30 April 2021
	£	£
Turnover (£m)	47	46
Net turnover growth / decline (%)		-18
Operating (loss)/profit margin (%)	(8)	-4
Total assets (£m)	42	46
Net assets/liabilities (£m)	32	34

Net turnover growth/(decline) is the increase or decrease in turnover when compared to the prior year, as a percentage of prior year turnover.

Operating (loss)/profit is the operating (loss)/profit as a percentage of turnover for that year.

The group (loss)/profit for the period, after taxation, and minority interests amounted to £(2,746k) (52 week period to 30 April 2021 loss of £1,454k).

W.H. SMITH & SONS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 29 APRIL 2022

Principal risks and uncertainties

The management of the business and execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group at the current time are as follows:

- The worldwide shortage of semi-conductor supply that has been hitting the automotive sector significantly in its ability to build vehicles. Although supply crisis has been gradually easing, the new semi-conductor manufacturing facilities to meet worldwide demand are not due to be online until later in the year.
- Raw material price increases - worldwide increased demand and shortages of certain base commodities are causing input price inflation. This is being mitigated where possible, by passing these increases onto the customer.
- Energy prices - the supply issues caused by the Ukraine crisis are causing high increases in energy pricing, and, where possible, this is being passed onto the customer.
- Automotive market volumes - cyclical reductions in automotive markets could further affect vehicle sales. The group has a strategy of increasing non automotive sales with both new and existing customers.

The group has the following policies to minimize financial risk;

- Financial Instruments - the group does not enter into trading of a speculative nature in respect of financial instruments.
- Credit risk - Management has a credit policy in place with credit limits operated per customer. Immediate action is taken when debts become overdue against agreed terms.
- Cash flow and liquidity risk - The group ensures that there is sufficient levels of cash and cash equivalents at all times to meet its financial obligations backed by low levels of borrowings.

W.H. SMITH & SONS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 29 APRIL 2022

Engagement with our stakeholders

Shareholders

Our shareholders are key to the future of the business, providing the financial framework which aids business growth and stability. The directors provide information on company strategy and performance, being honest and transparent at all times. Value is generated for shareholders by supporting the overall company to deliver the business plan.

Suppliers

The company has long standing relationships with suppliers. Interaction with suppliers and treating suppliers fairly allows us to reduce risk in our supply chain whilst benefitting from cost efficiencies and positive environmental outcomes.

Customers

A close working relationship with our customers helps us to better understand their needs and provide suitable and innovative products to meet their needs. Our experienced and talented teams are dedicated to making sure that we constantly improve what we do, providing confidence that we continue to exceed in the areas of quality, cost and delivery. It is our employee experience, expertise and flexibility that is what our customers seek.

Employees

The company engages with employees via a variety of information and consultation forums. Information shared through a weekly newsletter and monthly briefings based on information briefed at the monthly senior management meetings.

Directors regularly visit all sites providing the opportunity for employee engagement. The senior leaders are kept fully informed and engaged in the business through the monthly management team meetings.

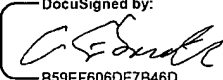
Engaging with employees is fundamental to enabling us to create an inclusive culture and a positive working environment.

As a board of directors it is our intention to act reasonably and ensure that management operate the business in an ethical manner, maintaining exemplary standards of business conduct. It is our continuing intention to enhance our reputation further by the delivery of our business plan which reflects our intentions and responsible behaviour and approach.

Directors' statement of compliance with duty to promote the success of the company

The directors of the company must act in accordance with a set of general duties which are detailed in section 172 of the Companies Act 2006. These duties include a duty by the Directors of the Company to act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the shareholder as a whole and, in doing so, have had regard to and recognising the importance of considering all stakeholders and other matters (as set out in section 172(1) of the act) in its decision making.

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

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C G Smith
Director

Date: 31 January 2023

W.H. SMITH & SONS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 APRIL 2022

The directors present their report and the financial statements for the period ended 29 April 2022.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements 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 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 to 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.

Results and dividends

The profit for the period, after taxation, amounted to £368,599 (2021: £2,287,718).

The directors proposed and paid a dividend of £Nil (2021: £Nil) during the year.

Directors

The directors who served during the period are shown on the company information page.

Qualifying third party indemnity provisions

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 auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

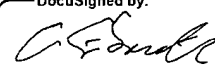
W.H. SMITH & SONS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 APRIL 2022**

Auditors

The auditors, Cooper Parry Group Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:

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C G Smith
Director

Date: 31 January 2023

W.H. SMITH & SONS HOLDINGS LIMITED

INDEPENDENT AUDITORS' 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 29 April 2022, which comprise the profit and loss account, the balance sheet, the statement of changes in equity 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 company's affairs as at 29 April 2022 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 Auditors' 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

W.H. SMITH & SONS HOLDINGS LIMITED

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

W.H. SMITH & SONS HOLDINGS LIMITED

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

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focused on key laws and regulations the entity has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detect irregularity included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the company and how the company is complying with that framework;
- obtaining an understanding of the company's policies and procedures and how the company has complied with these, through discussions and walkthrough testing;
- obtaining an understanding of the company's risk assessment process, including the risk of fraud;
- enquiring of management as to actual and potential fraud, litigation and claims;
- designing our audit procedures to respond to our risk assessment;
performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business;
- assessing whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
performing analytical procedures to identify any large, unusual or unexpected relationships.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 auditors' report.

W.H. SMITH & SONS HOLDINGS LIMITED

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

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Daniel Parker', is written over a horizontal line.

Daniel Parker (Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Cubo Birmingham
Office 401, 4th Floor
Two Chamberlain Square
Birmingham
B3 3AX

31 January 2023

W.H. SMITH & SONS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 29 APRIL 2022

	Note	Period ended 29 April 2022 £	Period ended 30 April 2021 £
Turnover	4	187,909	161,021
Gross profit		187,909	161,021
Administrative expenses		(1,024,481)	(985,778)
Other operating income	5	1,206,705	1,096,911
Operating profit		370,133	272,154
Income from fixed asset investments	10	-	2,000,000
Interest receivable and similar income		430	799
Interest payable and similar expenses		(379)	(418)
Profit before tax		370,184	2,272,535
Tax on profit	11	(1,585)	15,183
Profit for the financial period		368,599	2,287,718

There were no recognised gains and losses for 2022 or 2021 other than those included in the profit and loss account.

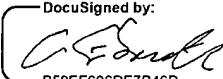
The notes on pages 13 to 24 form part of these financial statements.

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

BALANCE SHEET
AS AT 29 APRIL 2022

	Note	29 April 2022 £	30 April 2021 £
Fixed assets			
Tangible assets	12	1,554,100	1,471,951
Investments	13	402,000	402,000
		<u>1,956,100</u>	<u>1,873,951</u>
Current assets			
Debtors: amounts falling due within one year	14	5,738,950	317,632
Cash at bank and in hand		329,871	5,543,178
		<u>6,068,821</u>	<u>5,860,810</u>
Creditors: amounts falling due within one year	15	<u>(130,302)</u>	<u>(208,741)</u>
Net current assets		<u>5,938,519</u>	<u>5,652,069</u>
Total assets less current liabilities		<u>7,894,619</u>	<u>7,526,020</u>
Net assets		<u><u>7,894,619</u></u>	<u><u>7,526,020</u></u>
Capital and reserves			
Called up share capital	17	11,111	11,111
Profit and loss account	18	7,883,508	7,514,909
Shareholders' funds		<u><u>7,894,619</u></u>	<u><u>7,526,020</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 January 2023.

DocuSigned by:

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C G Smith
 Director

The notes on pages 13 to 24 form part of these financial statements.

W.H. SMITH & SONS HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 APRIL 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 2 May 2020	11,111	5,227,191	5,238,302
Profit for the period	-	2,287,718	2,287,718
At 1 May 2021	11,111	7,514,909	7,526,020
Profit for the period	-	368,599	368,599
At 29 April 2022	11,111	7,883,508	7,894,619

The notes on pages 13 to 24 form part of these financial statements.

W.H. SMITH & SONS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 APRIL 2022**

1. General information

W H Smith & Sons Holdings Limited is a limited liability company incorporated and domiciled in the United Kingdom. The address of the company's registered office is shown on the company information page.

The financial statements are prepared in Sterling (£), which is the functional currency of the company. The financial statements are for the period ended 29 April 2022 (2021: period ended 30 April 2021).

The company is itself a subsidiary company and is exempt from the requirement to prepare consolidated 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 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 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.

The following principal accounting policies have been applied:

2. Accounting policies

W.H. SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 APRIL 2022

2. Accounting policies (continued)

2.1 Going concern

The company is a wholly indirectly owned subsidiary of WHS Holdco 1 Limited and is reliant on the continuing financial support and success of that group. The directors believe that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

As part of considering going concern, management have prepared group profit & loss, balance sheet and cash flow forecasts extending to December 2025. The most significant business impact has been the reduced demand for parts from our automotive sector customer base, because of their semi-conductor supply chain issues. We remain in constant, active communication with the automotive customers and are managing the issue, matching resources and cost to the production demand on a weekly and monthly basis. The production volumes are steadily increasing and will continue to do so over the year. The parts that customers are currently ordering will remain in production until at least April 2025 and this gives a degree of confidence when forecasting underlying sales levels.

Other than very low levels of hire purchase creditors, the group has no other external debt and the current level of cash held by the group is approximately £4m.

The directors have sensitised the forecasts and with the active communication with our customers are able to better rely on their forecasted volumes. This forecasting model demonstrates that the group can continue as a going concern. Results for FY2023 have been impacted significantly by the worldwide semi-conductor shortage to our main customer, which has prevented the manufacture of automobile, which in turn has impacted our revenues. However, this is a supply chain issue, not a demand issue. The automotive sector has seen record levels of demand, which is anticipated to continue well into 2024 and beyond. Should sales demand fall below the forecasted level then management do have action plans to immediately address this by reducing short term contract labour and reducing costs.

The board of WHS Holdco 1 Limited has concluded that "The directors have a reasonable expectation that the group has sufficient resources to continue in operation for the foreseeable future and that, for this reason, the directors consider the adoption of the going concern basis in preparing the financial statements is appropriate".

The directors of the company have therefore continued to adopt the going concern basis in the preparation of the company's annual report and financial statements.

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 30 April 2022 and these financial statements may be obtained from WHS Holdco 1 Limited, Water Orton Lane, Minworth, Sutton Coldfield, West Midlands B76 7BG..

2.3 Turnover

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.

W.H. SMITH & SONS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 APRIL 2022****2. Accounting policies (continued)****2.4 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 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.

2.7 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, loans to related parties and investments in ordinary shares.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

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 balance sheet date.

2.8 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

2.9 Finance costs

Finance costs are charged to the profit and loss account 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.

W.H. SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 APRIL 2022

2. Accounting policies (continued)

2.10 Pensions

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 profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account 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 balance sheet 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 balance sheet 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 balance sheet date.

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 material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Turnover

The company's turnover derives from its principal activity, the rental of investment properties. All turnover arose within the United Kingdom.

W.H. SMITH & SONS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 APRIL 2022****5. Other operating income**

	Period ended 29 April 2022 £	Period ended 30 April 2021 £
Management charge receivable	1,206,705	1,096,911

6. Operating profit

The operating profit is stated after charging:

	Period ended 29 April 2022 £	Period ended 30 April 2021 £
Depreciation of tangible fixed assets owned by the company	116,291	124,393
Exchange differences	(12)	(5)
Operating leases - land & buildings	187,909	161,021
Profit on disposal of fixed assets	(5,565)	-

7. Auditors' remuneration

	Period ended 29 April 2022 £	Period ended 30 April 2021 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	15,625	10,000

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

W.H. SMITH & SONS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 APRIL 2022****8. Employees**

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

	Period ended 29 April 2022 £	Period ended 30 April 2021 £
Wages and salaries	694,577	653,288
Social security costs	94,630	88,431
Cost of defined contribution pension scheme	21,375	18,434
	<u>810,582</u>	<u>760,153</u>

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

	Period ended 29 April 2022 No.	Period ended 30 April 2021 No.
Administration	<u>6</u>	<u>6</u>

9. Directors' remuneration

	Period ended 29 April 2022 £	Period ended 30 April 2021 £
Directors' emoluments	435,565	402,085
Company contributions to defined contribution pension schemes	8,875	6,247
	<u>444,440</u>	<u>408,332</u>

The highest paid director received remuneration of £171,709 (2021: £171,354).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2021: £Nil).

W.H. SMITH & SONS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 APRIL 2022****10. Income from investments**

	Period ended 29 April 2022 £	Period ended 30 April 2021 £
Dividends received	-	2,000,000

11. Taxation

	Period ended 29 April 2022 £	Period ended 30 April 2021 £
Corporation tax		
Adjustments in respect of previous periods	12,084	(12,565)
Total current tax	12,084	(12,565)
Deferred tax		
Origination and reversal of timing differences	(5,579)	(2,618)
Changes to tax rates	(4,920)	-
Total deferred tax	(10,499)	(2,618)
Taxation on profit/(loss) on ordinary activities	1,585	(15,183)

W.H. SMITH & SONS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 APRIL 2022****11. Taxation (continued)****Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Period ended 29 April 2022 £	Period ended 30 April 2021 £
Profit on ordinary activities before tax	370,184	2,272,535
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	70,335	431,782
Effects of:		
Fixed asset differences	18,040	17,673
Non-taxable income not deductible for tax purposes	-	(380,000)
Adjustments to tax charge in respect of prior periods	12,084	(12,565)
Remeasurement of deferred tax for changes in tax rates	(6,259)	-
Group relief	(92,615)	(72,073)
Total tax charge for the period	1,585	(15,183)

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 29 April 2022 is 25% and deferred tax has been re-measured at this rate.

W.H. SMITH & SONS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 APRIL 2022

12. Tangible fixed assets

	Freehold property £	Motor vehicles £	Total £
Cost or valuation			
At 1 May 2021	1,860,360	125,500	1,985,860
Additions	222,875	-	222,875
Disposals	-	(53,500)	(53,500)
At 29 April 2022	<u>2,083,235</u>	<u>72,000</u>	<u>2,155,235</u>
Depreciation			
At 1 May 2021	463,957	49,952	513,909
Charge for the period	94,947	21,344	116,291
Disposals	-	(29,065)	(29,065)
At 29 April 2022	<u>558,904</u>	<u>42,231</u>	<u>601,135</u>
Net book value			
At 29 April 2022	<u>1,524,331</u>	<u>29,769</u>	<u>1,554,100</u>
At 30 April 2021	<u>1,396,403</u>	<u>75,548</u>	<u>1,471,951</u>

13. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 30 April 2021 and 29 April 2022	<u>402,000</u>

W.H. SMITH & SONS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 APRIL 2022****13. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
WHS Plastics Limited	Water Orton Lane, Minworth, Sutton Coldfield, West Midlands, B76 9BG	Ordinary	100%
Electron Technical Solutions Limited	Water Orton Lane, Minworth, Sutton Coldfield, West Midlands, B76 9BG	Ordinary	100%
WHS Plastics Egypt S.A.E	Public Free Zone, Al Wafaa WA Al Amal, Nasr City, Egypt	Ordinary	98%
WHS Tools Limited	Water Orton Lane, Minworth, Sutton Coldfield, West Midlands, B76 9BG	Ordinary	100%
WHS Electron Limited	Water Orton Lane, Minworth, Sutton Coldfield, West Midlands, B76 9BG	Ordinary	100%
W.H. Smith & Sons (Tools) Limited	Water Orton Lane, Minworth, Sutton Coldfield, West Midlands, B76 9BG	Ordinary	100%

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

The principal activities of WHS Plastics Limited, Electron Technical Solutions Limited and WHS Plastics Egypt S.A.E. are the manufacture of tools and plastic mouldings, and the painting of moulded parts. WHS Tools Limited, WHS Electron Limited and W. H. Smith & Sons (Tools) Limited are dormant.

14. Debtors

	29 April 2022 £	30 April 2021 £
Trade debtors	121,359	-
Amounts owed by group undertakings	5,562,229	294,867
Other debtors	2,285	7,187
Tax recoverable	27,000	-
Deferred taxation	26,077	15,578
	<u>5,738,950</u>	<u>317,632</u>

W.H. SMITH & SONS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 APRIL 2022****14. Debtors (continued)**

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

15. Creditors: Amounts falling due within one year

	29 April 2022 £	30 April 2021 £
Trade creditors	12,029	78,528
Corporation tax	-	2,005
Other taxation and social security	26,713	34,171
Accruals and deferred income	91,560	94,037
	<u>130,302</u>	<u>208,741</u>

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

16. Deferred taxation

	2022 £	2021 £
At beginning of year	15,578	12,960
Charged to the profit and loss account	10,499	2,618
At end of year	<u>26,077</u>	<u>15,578</u>

The deferred tax asset is made up as follows:

	29 April 2022 £	30 April 2021 £
Fixed asset timing differences	21,077	15,578
Short term timing differences	5,000	-
	<u>26,077</u>	<u>15,578</u>

17. Share capital

	29 April 2022 £	30 April 2021 £
Allotted, called up and fully paid		

W.H. SMITH & SONS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 APRIL 2022****17. Share capital (continued)**

11,111 (2021: 11,111) Ordinary shares of £1.00 each	11,111	11,111
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There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

18. Reserves**Profit and loss account**

The profit and loss account represents accumulated profits and losses for the period and prior periods less dividends paid.

19. 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 £21,375 (2021: £18,434).

20. Related party transactions

The company owns 98% of WHS Plastics Egypt S.A.E. During the period, £274,996 of costs were recharged to WHS Plastics Egypt S.A.E (2021: £60,902 of costs recharged from WHS Plastics Egypt S.A.E).

Wages and salaries of £693,584 (2021: £636,254) and pension contributions of £21,375 (2021: £16,972) were payable to key management personnel in the period. Key management personnel are the directors and members of the senior management, and the amounts are included within staff costs at Note 8.

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.

21. 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.

The largest group in which the result of the company are consolidated is that headed by WHS Holdco 1 Limited. The consolidated accounts of the group are available to the public and may be obtained from Water Orton Lane, Minworth, Sutton Coldfield, West Midlands, B76 9BG.