

Company Registration No. 6560378

WH Smith Travel Limited

Annual Report and Financial Statements

31 August 2015

SATURDAY



A5700FH7

A15

14/05/2016

#132

COMPANIES HOUSE

WH Smith Travel Limited

Annual report and financial statements 31 August 2015

Contents	Page
Officers and professional advisers	1
Directors' report	2
Strategic report	4
Independent auditors' report	6
Profit and loss account	8
Balance sheet	9
Reconciliation of movements in shareholders' funds	10
Notes to the financial statements	11

WH Smith Travel Limited

Annual report and financial statements 31 August 2015

Officers and professional advisers

Directors

S Clarke
R J Moorhead
I Houghton

Company Secretary

I Houghton

Registered Office

Greenbridge Road
Swindon
Wiltshire
SN3 3RX

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH
United Kingdom

WH Smith Travel Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2015.

Directors

The Directors of the Company who were in office during the year and up to the date of signing are shown on page 1.

Directors' indemnities

The Company has qualifying third party indemnity provisions for the benefit of its directors which remained in force throughout the year and at the date of this report.

Results and dividends

The Company produced a satisfactory trading performance resulting in a profit for the financial year to 31 August 2015 of £42,867,000 (2014: £49,912,000). The Company is expected to trade profitably in the foreseeable future.

During the year the Company paid dividends of £40,000,000 to its parent company (2014: £50,000,000), being £14,174,000 preference dividend and £25,826,000 ordinary dividend (see Note 16). Non-redeemable preference share dividends are paid at the discretion of the directors and are therefore presented as an equity distribution. The non-redeemable preference shares take priority over ordinary shares when dividends are declared. The Directors do not recommend the payment of a dividend.

Going concern and financial risk management

Disclosures in respect of going concern and financial risk management are given in the Strategic report on page 4.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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.

WH Smith Travel Limited

Directors' report (continued)

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report was approved by the Board on 29 April 2016.

On behalf of the Board



R J Moorhead
Director

WH Smith Travel Limited

Strategic report

The Strategic report is prepared in accordance with s414(c) of the Companies Act 2006.

Business review, principal activities and key performance indicators

The principal activities of the Company since 1 September 2008 are the retailing of books, stationery, newspapers, magazines and entertainment products within the United Kingdom.

As shown in the Company's profit and loss account on page 8, the Company's sales for the year to 31 August 2015 were £411,120,000 (2014: £384,211,000).

The balance sheet on page 9 of the financial statements shows that the Company's net asset position is £368,928,000, an increase of £2,867,000 from 31 August 2014. This reflects the profit generation of the Company during the year offset by the dividend paid to the parent company. Details of the amounts owed by and to other group undertakings are shown in notes 13 and 14 on pages 18 and 19.

	2015	2014
Sales	£411,120,000	£384,211,000
Gross profit margin	57.2%	57.1%
Stock turn	7.6 weeks	8.1 weeks

Gross profit and sales are as presented in the financial statements. Stock turn reflects the number of weeks taken to turn the stock based on closing stock and cost of sales.

The Company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, of which this Company is a part, is discussed in the WH Smith PLC Annual Report and Accounts 2015, which does not form part of this Report.

Principal risks and uncertainties

The WH Smith PLC group manages its operations, including WH Smith Travel Limited on a divisional basis and has identified the following factors as major potential risks to the successful performance of the business of the Group. Many of these factors are applicable to WH Smith Travel Limited.

- Economic, political, competitive and market risks
- Brand and reputation
- Key suppliers and supply chain management
- Store portfolio
- Business interruption
- Reliance on key personnel
- Treasury, financial and credit risk management
- Cyber risk and data security

Group risks including risk management are discussed in further detail within the Principal risks and uncertainties section of the Strategic report of the Group's Annual Report and Accounts 2015, a copy of which is available on the Group's website at www.whsmithplc.co.uk.

Payment policy for suppliers

The Company's policy for the payment of suppliers, which complies with the CBI Code of Practice for Buyers, is to agree the terms of payment in advance in line with normal trade practice and, provided a supplier performs in accordance with the agreement, to abide by such terms. The Company's creditor days figure for the year to 31 August 2015 was 51 days (2014: 62 days).

WH Smith Travel Limited

Strategic report (continued)

Health, safety and environment

In the field of health and safety the Board is committed to maintaining high standards for its employees, customers, contractors and anyone affected by its business activities. Within the Group, a Health and Safety Committee represents the interests of employees. The Group, which benchmarks its performance against other companies, is represented on several national bodies concerned with health and safety.

The Group Risk Management Department operates within a broad framework covering issues such as health and safety, environmental impacts, insurance, disability issues and other risk areas. The department provides advice, guidance and support to managers within the Group ensuring that high standards are maintained.

The Group continues to engage with suppliers to promote and improve labour standards and better environmental management. As a member of the Ethical Trading Initiative (ETI), we continue to work with other members to share best practice and develop solutions to challenges we all face.

Further information on the Health, Safety and Environment is contained within the Strategic report of the Group's Annual Report and Accounts 2015.

Going concern

The Company's business activities, together with factors that are likely to affect its future developments, performance and position are detailed within this Strategic report. The financial position of the Company and its liquidity position are described in the financial statements and notes. The WH Smith PLC Annual Report and Accounts 2015 includes further information regarding the Group's financial position, cash flows and borrowing facilities, as well as its policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Strategic report of the WH Smith PLC Annual Report and Accounts 2015 also highlights the main risks and uncertainties facing the Group, a copy of which is available on the Group's website at www.whsmithplc.co.uk.

The directors report that they have reviewed current performance and forecasts, combined with expenditure commitments, including capital expenditure and borrowing facilities. After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue its current operations, including contractual and commercial commitments for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

This report was approved by the Board on 29 April 2016.

On behalf of the Board



R J Moorhead

Director

Independent auditors' report to the members of WH Smith Travel Limited

Report on the financial statements

Our opinion

In our opinion, WH Smith Travel Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 August 2015 and of its profit for the year 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance sheet as at 31 August 2015;
- the Profit and loss account;
- the Reconciliation of movements in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of WH Smith Travel Limited (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



John Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

29 / 4 / 2016

WH Smith Travel Limited

Profit and loss account For the year ended 31 August 2015

	Note	2015 £'000	2014 £'000
Turnover	2	411,120	384,211
Cost of Sales		(175,885)	(164,855)
Gross profit		235,235	219,356
Distribution costs		(150,489)	(133,432)
Administrative expenses		(21,442)	(23,821)
Other operating income	3	62	-
Operating profit	4	63,366	62,103
Interest payable and similar charges	5	(1,586)	(261)
Profit on ordinary activities before taxation		61,780	61,842
Tax on profit on ordinary activities	8	(18,913)	(11,930)
Profit for the financial year		42,867	49,912

All results are derived from continuing operations.

There were no recognised gains or losses in the current financial year or preceding financial year other than as stated in the profit and loss account. Consequently no statement of total recognised gains and losses is presented.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

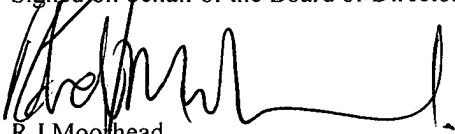
WH Smith Travel Limited

Balance sheet As at 31 August 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Intangible fixed assets	9	4,167	3,900
Goodwill	10	250,179	250,179
Tangible assets	11	44,130	40,100
Investments in subsidiary undertakings	12	36	34
Investments in associates and joint ventures	12	95	-
		<u>298,607</u>	<u>294,213</u>
Current assets			
Stock		25,702	25,719
Debtors: amounts falling due within one year	13	242,293	186,323
Debtors: amounts fall due after more than one year	13	314	613
Cash at bank and in hand		11,206	23,502
		<u>279,515</u>	<u>236,157</u>
Creditors: amounts falling due within one year	14	<u>(209,106)</u>	<u>(164,091)</u>
Net current assets		<u>70,409</u>	<u>72,066</u>
Total assets less current liabilities		<u>369,016</u>	<u>366,279</u>
Provisions for liabilities	15	<u>(88)</u>	<u>(218)</u>
Net assets		<u><u>368,928</u></u>	<u><u>366,061</u></u>
Capital and reserves			
Called up share capital	17	289,000	289,000
Share premium account		38,460	38,460
Translation reserve		-	(519)
Profit and loss account		41,468	39,120
Total shareholders' funds		<u><u>368,928</u></u>	<u><u>366,061</u></u>

These financial statements of WH Smith Travel Limited, registered number 6560378, on pages 8 to 21, were approved by the Board of Directors and authorised for issue on 29 April 2016.

Signed on behalf of the Board of Directors


R J Moorhead
Director

WH Smith Travel Limited

Reconciliation of movements in shareholders' funds **For the year ended 31 August 2015**

	Called up equity share capital £'000	Share premium account £'000	Translation reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 September 2014	289,000	38,460	(519)	39,120	366,061
Profit for the year	-	-	-	42,867	42,867
Reserves transfer	-	-	519	(519)	-
Dividends paid	-	-	-	(40,000)	(40,000)
At 31 August 2015	<u>289,000</u>	<u>38,460</u>	<u>-</u>	<u>41,468</u>	<u>368,928</u>

WH Smith Travel Limited

Notes to the financial statements (continued)

Year ended 31 August 2015

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and are in compliance with the Companies Act 2006 and applicable United Kingdom law and accounting standards.

All accounting policies have been applied consistently in the current year and the prior year.

Basis of preparation

The financial statements are for the year ended 31 August 2015. The prior year financial statements were for the year ended 31 August 2014.

The Company is exempt from producing consolidated financial statements under section 400 of the Companies Act 2006. The financial statements have been prepared on the going concern basis as explained in the Strategic report on page 4.

In accordance with FRS 1 'Cash Flow Statements' (Revised), a statement of cash flows has not been prepared as the Company is included in the publicly available financial statements of the ultimate parent company.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services to customers, together with commission and fee income on concession and franchise arrangements. Turnover excludes discounts, estimated returns, VAT and other sales related taxes.

Supplier income

The Group receives income from its suppliers in the form of supplier incentives and discounts (collectively "Supplier incomes"). These incomes are recognised as a deduction from cost of sales on an accruals basis as they are earned for each supplier contract. The level of complexity and judgement is low in relation to establishing the accounting entries and estimates, and the timing of recognition. Supplier incomes that have been invoiced but not received at the period end are recognised in Trade Receivables, or in Trade Payables where we have the right of offset. Incomes that have been earned but not yet invoiced are accrued and are recorded in Prepayments and accrued income.

Stocks

Stocks comprise goods for resale and are stated at the lower of cost and net realisable value.

Leases

Rental costs under operating leases are charged to the profit and loss account over the length of the lease. The cost of assets held under finance leases is included under tangible fixed assets and depreciation is provided in accordance with the Company's accounting policy for that class of asset. The capital element of future lease payments is included in creditors. The interest cost is allocated to accounting periods based on the outstanding capital element of the lease.

Incentives received by the Company to enter into leases as a lessee are credited to the profit and loss account on a straight-line basis over the lease term or, if shorter, the period to the first review date on which rent is adjusted to the prevailing market rate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

WH Smith Travel Limited

Notes to the financial statements (continued)

Year ended 31 August 2015

1. Accounting policies (continued)

Deferred taxation

In accordance with FRS 19 'Deferred taxation' the Company provides deferred tax in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation is not provided on timing differences arising from the sale or revaluation of fixed assets unless, at the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will qualify for rollover relief. Deferred taxation is measured on a non-discounted basis.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiary undertakings, associates and joint ventures are individually valued at historical cost less provision for impairments in value.

Tangible fixed assets

As permitted by FRS 15 "Tangible Fixed Assets", the Company has adopted a policy of not revaluing fixed assets. The carrying values of tangible fixed assets previously revalued have been retained at their book amount in accordance with the transitional provisions of FRS 15, which are reviewed on a periodic basis to ensure there is no impairment in their value.

Depreciation

Short term leasehold properties are amortised by equal amounts over the period of the leases or their estimated remaining lives if less. Other tangible fixed assets are depreciated on a straight-line basis over their estimated remaining lives within the following ranges:

- Fixtures and fittings – up to ten years;
- Equipment and vehicles - five to ten years

Intangible assets

a) Goodwill

Goodwill is classified as an asset on the balance sheet. Where goodwill has been impaired the amount impaired is charged through the profit and loss account. The directors have concluded that goodwill arising on acquisitions should not be amortised as it has an indefinite useful economic life, however is subject to annual impairment review. The goodwill is considered to have an indefinite durability that can be demonstrated and its value can be readily measured. The acquired business operates in a long-standing and profitable market sector.

The non-amortisation of Goodwill constitutes a departure from Companies Act 2006 Schedule 4 paragraph 21; for the overriding purpose of giving a true and fair view of the Company's results under s393. If the goodwill arising on acquisition had been written off over 20 years, the operating profit would have decreased by £12,509,000 in the year to 31 August 2015 (2014: £12,509,000) and Goodwill would have decreased by £87,563,000 (2014: £75,054,000).

b) Other intangible assets

Other intangible assets are valued at cost and amortised over their useful life unless the asset can be demonstrated to have an indefinite life. All intangible assets are reviewed for impairment when there are indications that the carrying value may not be recoverable.

WH Smith Travel Limited

Notes to the financial statements (continued)

Year ended 31 August 2015

1. Accounting policies (continued)

Financial instruments

a) Trade receivables

Trade receivables are measured at initial recognition, do not carry any interest and are stated at their fair value and are subsequently measured at amortised costs using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is evidence that the asset is impaired.

b) Cash

Cash in the balance sheet comprises cash at bank and in hand and short-term deposits.

c) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

d) Bank borrowings

Interest bearing bank loans and overdrafts are initially measured at fair value (being proceeds received, net of direct issue costs), and are subsequently measured at amortised cost, using the effective interest rate method recorded as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemptions and direct issue costs are accounted for on an accruals basis and taken to the income statement using the effective interest rate method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

e) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at rates prevailing at the balance sheet date or, where applicable, at forward contracted rates. Profit and loss account items denominated in foreign currencies are translated at the average exchange rates for the year.

Government grants

Government grants are recognised in the profit and loss account in the same period as the expenditure to which they relate. Grants in respect of costs already incurred are recognised in the profit and loss account as they are received.

2. Turnover

Substantially all turnover arises in the United Kingdom from retailing.

3. Other income

Other income recognised in the year ended 31 August 2015 of £62,000 (2014: £nil) relates to government grants in respect of research and development expenditure.

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2015

4. Operating profit

Operating profit is stated after charging:

	2015 £'000	2014 £'000
Depreciation and impairment of owned tangible assets	8,813	8,383
Amortisation and impairment of intangible assets	147	169
Net operating lease charges:		
- land and buildings	85,136	82,059
Auditors' fees		
- fees payable to Company's auditors for the audit of the Company's annual financial statements	9	9
- non-audit fees including taxation and other services	-	28
	<u> </u>	<u> </u>

5. Interest payable and similar charges

	2015 £'000	2014 £'000
Investment income:		
Other interest receivable and similar income	-	-
Interest receivable from other Group companies	251	18
	<u>251</u>	<u>18</u>
Finance costs:		
Other interest payable and similar charges	(1,837)	(279)
Interest payable and similar charges	<u>(1,586)</u>	<u>(261)</u>

6. Employees and staff costs

The Company has no employees under contracts of service but does utilise the services of employees employed by another Group company, WH Smith Retail Holdings Limited, the costs of which are recharged to the Company.

7. Directors' remuneration

The remuneration of S Clarke and R J Moorhead is disclosed in the consolidated financial statements for WH Smith PLC for the year ended 31 August 2015 (2014: £nil) and no allocation of their services, as directors of WH Smith Travel Limited and other group companies, is made.

I Houghton received no remuneration in respect of his services as a director of the Company during the year (2014: £nil).

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2015

8. Tax on profit on ordinary activities

	2015 £'000	2014 £'000
Current tax:		
Current year charge	13,102	14,275
Adjustments in respect of prior periods	5,418	(2,124)
	<u>18,520</u>	<u>12,151</u>
Deferred tax:		
Origination and reversal of timing differences	(146)	-
Prior year adjustment	539	(221)
	<u>18,913</u>	<u>11,930</u>
Tax on profit on ordinary activities	18,913	11,930

Reconciliation of the tax charge

The tax assessed for the year is higher (2014: lower) than the standard rate of corporation tax in the UK (2015: 20.58%, 2014: 22.16%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	<u>61,780</u>	<u>61,842</u>
Tax on profit on ordinary activities before taxation at the UK rate of corporation tax – 20.58 % (2014: 22.16%)	12,714	13,704
Expenses not deductible for tax purposes	416	571
Depreciation in excess of capital allowances	(28)	-
Adjustments in respect of prior periods	5,418	(2,124)
	<u>18,520</u>	<u>12,151</u>
Total current tax charge	18,520	12,151

The UK corporation tax rate fell to 20 per cent with effect from 1 April 2015 (previously 21 per cent). Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2015

9. Intangible fixed assets

	£'000
Cost	
At 1 September 2014	6,642
Additions	414
	<hr/>
At 31 August 2015	7,056
	<hr/>
Accumulated amortisation	
At 1 September 2014	2,742
Amortisation charge	147
	<hr/>
At 31 August 2015	2,889
	<hr/>
Net book value	
At 31 August 2015	4,167
	<hr/>
At 31 August 2014	3,900
	<hr/>

Intangible assets relate to certain tenancy rights and are being amortised over the life of the lease to which they relate, or are considered to have an indefinite useful economic life, and are therefore not amortised. These assets are reviewed annually for impairment.

10. Goodwill

	£'000
Cost	
At 1 September 2014 and 31 August 2015	250,179
	<hr/>
Accumulated amortisation	
At 1 September 2014 and 31 August 2015	-
	<hr/>
Net book value	
At 31 August 2014 and 31 August 2015	250,179
	<hr/>

Goodwill has arisen on the acquisition of the trade and assets of the travel business from WH Smith Travel Holdings Limited (formerly WH Smith Retail Limited). Goodwill is considered to have an indefinite useful economic life and is therefore not amortised.

Goodwill has been tested for impairment by comparing the carrying amount of each cash-generating unit ("CGU"), including goodwill, with the recoverable amount determined from value in use calculations. Management has determined that no impairment was necessary for the current financial year. CGUs are comprised of the group of retail stores purchased on acquisitions.

The key assumptions for the value-in-use calculations include those regarding operating profit, discount rates and growth rates. The Group prepares cash flow forecasts derived from the most recent three year financial forecasts approved by management, and extrapolates cash flows for up to an additional nine years (representing the average length of the lease for the relevant group of stores) based on long term growth rates. The long term growth rates used are between 0 and 2.5 per cent, reflecting expected retail price index growth. The rate used to discount the forecast cash flows is ten per cent pre-tax (2014: ten per cent).

WH Smith Travel Limited

Notes to the financial statements (continued)

Year ended 31 August 2015

10. Goodwill (continued)

A sensitivity analysis has been performed in assessing recoverable amounts of goodwill. This has been based on changes in key assumptions considered to be possible by management. This included an increase in the discount rate of up to 1 per cent and a decrease in the long term growth rate of up to 1 per cent. The sensitivity analysis shows that no impairment would arise under each scenario.

11. Tangible assets

	Short-term leasehold £'000	Equipment and vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 September 2014	29,630	29,479	20,805	79,914
Additions	4,647	5,653	3,411	13,711
Disposals	(1,076)	(1,363)	(1,080)	(3,519)
At 31 August 2015	33,201	33,769	23,136	90,106
Accumulated depreciation				
At 1 September 2014	14,523	14,936	10,355	39,814
Charge for the year	3,530	3,172	1,805	8,507
Impairment	80	60	166	306
Disposals	(1,076)	(495)	(1,080)	(2,651)
At 31 August 2015	17,057	17,673	11,246	45,976
Net book value				
At 31 August 2015	16,144	16,096	11,890	44,130
At 31 August 2014	15,107	14,543	10,450	40,100

The net book value of assets held under finance leases within equipment and vehicles at 31 August 2015 was £nil (2014: £nil).

Tangible fixed assets include capitalised software costs as well as the related hardware.

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2015

12. Investments in subsidiary undertakings, associates and joint ventures

	2015			2014		
	Investments in subsidiary undertakings £'000	Investments in associates and joint ventures £'000	Total £'000	Investments in subsidiary undertakings £'000	Investments in associates and joint ventures £'000	Total £'000
Cost						
At 1 September	34	-	34	1	-	1
Additions	2	95	97	33	-	33
	<u>36</u>	<u>95</u>	<u>131</u>	<u>34</u>	<u>-</u>	<u>34</u>
At 31 August	36	95	131	34	-	34
Provision for Impairment						
At 1 September and 31 August	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value						
At 31 August	36	95	131	34	-	34
	<u>36</u>	<u>95</u>	<u>131</u>	<u>34</u>	<u>-</u>	<u>34</u>

The Directors believe that the carrying value of the investments is supported by their underlying net assets. At 31 August 2015 the Company directly owned the issued share capital of the following companies.

Subsidiaries	Nature of business	Class of share	Country of incorporation	Ownership percentage
WH Smith Ireland Limited	Retailing	Ordinary	Ireland	100%
WH Smith Australia Pty Limited	Retailing	Ordinary	Australia	100%
WH Smith New Zealand Limited	Dormant	Ordinary	New Zealand	100%
WH Smith (Qatar) Limited	Dormant	Ordinary	England and Wales	100%
WH Smith Singapore Pte. Limited	Dormant	Ordinary	Singapore	100%
WH Smith LLC	Retailing	Ordinary	Qatar	49%
WH Smith Malaysia Sdn Bhd	Retailing	Ordinary	Malaysia	50%

None of the above companies were impaired in the year (2014: £nil). At 31 August 2015 the Company indirectly owned the entire issued share capital Wild Retail Group Pty Limited, a retailing company incorporated in Australia.

13. Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Trade debtors	11,139	11,902
Amounts owed by group undertakings	224,452	167,480
Other debtors	1,837	2,104
Prepayments and accrued income	4,865	4,837
	<u>242,293</u>	<u>186,323</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	314	613
	<u>242,607</u>	<u>186,936</u>

All amounts owed by group undertakings are non-interest bearing and repayable on demand.

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2015

13. Debtors (continued)

Other debtors falling due within one year include a deferred tax asset of £1,086,000 (2014: £1,608,000).
Deferred tax assets are recognised as follows:

	Deferred taxation £'000	
The movements on deferred tax asset is as follows:		
At 1 September 2014		1,608
Charge to profit and loss		(522)
		<hr/>
At 31 August 2015		1,086
		<hr/>
	2015 £'000	2014 £'000
Analysis of deferred taxation:		
Short term timing differences	1,086	1,608
	<hr/>	<hr/>
At 31 August 2015	1,086	1,608
	<hr/>	<hr/>

The rate of corporation tax changed from 21 per cent to 20 per cent with effect from 1 April 2015. The deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods of reversal.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. If these changes had applied to the deferred tax balance at the balance sheet date, there would have been no effect on the deferred tax asset or the tax expense for the period.

14. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	24,685	28,107
Amounts owed to group undertakings	105,587	104,745
Bank loans and overdrafts	30,178	-
Corporation Tax	14,326	5,746
Other taxation and social security	7,043	6,352
Other creditors	17,244	13,957
Accruals and deferred income	10,043	5,184
	<hr/>	<hr/>
	209,106	164,091
	<hr/>	<hr/>

All amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2015

15. Provisions for liabilities

	Deferred taxation £'000
The movements on total provisions is as follows:	
At 1 September 2014	218
Utilised during the year	(130)
	<hr/>
At 31 August 2015	<u>88</u>

2015	2014
£'000	£'000

Analysis of deferred taxation:

Capital allowances in excess of depreciation	<u>88</u>	<u>218</u>
--	-----------	------------

The rate of corporation tax changed from 21 per cent to 20 per cent with effect from 1 April 2015. The deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods of reversal.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. If these changes had applied to the deferred tax balance at the balance sheet date, there would have been no effect on the deferred tax asset or the tax expense for the period.

16. Dividends on equity shares

	2015 £'000	2014 £'000
Amounts recognised as distributions to preference shareholders in the year	14,174	13,552
Amounts recognised as distributions to ordinary shareholders in the year	25,826	36,448
	<hr/>	<hr/>
	<u>40,000</u>	<u>50,000</u>

Interim preference dividends for the year ended 31 August 2015 of 7.3p per share (2014: 7.0p). The non-redeemable preference shares take priority over ordinary shares, and the dividend payable is calculated at the rate of 12 month LIBOR (as determined at 1 September prior to the dividend payment date) plus 7.875 per cent, per annum on the capital paid up on that share. The dividend is calculated on a compound basis from day to day, and paid annually on 31 August. Interim ordinary dividend for the year ended 31 August 2015 of 26.9p (2014: 38.0p) per ordinary share.

WH Smith Travel Limited

Notes to the financial statements (continued)

Year ended 31 August 2015

17. Called up equity share capital

	2015		2014	
	Number of shares '000	Nominal value £'000	Number of shares '000	Nominal value £'000
Allotted, called-up and fully paid				
Ordinary shares of £1 each	96,000	96,000	96,000	96,000
Non-redeemable preference shares of £1 each	193,000	193,000	193,000	193,000
	289,000	289,000	289,000	289,000

On 1 September 2008, 96 million ordinary shares of £1 each were issued to WH Smith Travel 2008 Limited as part of the Group reorganisation, for a consideration of £96,000,000. On 31 August 2009, 193,000,000 fully paid preference shares of £1 each were issued to WH Smith Travel 2008 Limited in exchange for repayment of the loan and accrued interest on the loan of £231,460,000 made to the Company by WH Smith Travel 2008 Limited, which gave rise to share premium of £38,460,000.

18. Capital commitments

Contracts placed for future capital expenditure approved by the directors but not incurred in these financial statements amounts to £432,000 (2014: £615,000).

19. Contingent liabilities

The Company is a guarantor on the Group's £93,333,333 revolving credit facility which expires on 9 June 2019 alongside WH Smith High Street Limited and WH Smith Retail Holdings Limited.

The Company is also a guarantor in respect of certain obligations of WH Smith Hospitals Limited (a fellow Group company) in relation to the UNS Group defined benefit pension scheme.

20. Related party transactions

The Company has taken advantage of the exemptions granted by paragraph 3(c) of FRS 8, Related Party Disclosures, not to disclose transactions with WH Smith Group companies and interests of the Group who are related parties.

21. Ultimate parent company

The ultimate parent company and controlling party is WH Smith PLC, a company incorporated in Great Britain and registered in England and Wales. WH Smith PLC heads the largest and smallest group of companies of which the Company is a member for which consolidated financial statements are prepared.

The immediate parent company is WH Smith Travel 2008 Limited, a company incorporated in Great Britain and registered in England and Wales.

Copies of both sets of financial statements are available from:

The Company Secretary
WH Smith PLC
Greenbridge Road
Swindon
Wiltshire SN3 3RX