

Company Registration No. 6560378

WH Smith Travel Limited

Annual Report and Financial Statements

31 August 2016



WH Smith Travel Limited

Annual report and financial statements 31 August 2016

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WH Smith Travel Limited

Annual report and financial statements 31 August 2016

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 2016.

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 audited financial statements for the year ended 31 August 2016 are set out on pages 9 to 29. The financial statements have been prepared under Financial Reporting Standard 101 ("FRS 101") for the first time. Further details and explanation of the changes and impact of the transition are disclosed in Note 1 and Note 23.

The Company produced a satisfactory trading performance resulting in a profit for the financial year to 31 August 2016 of £61,917,000 (2015: £42,867,000). 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 (2015: £40,000,000), being £14,239,000 preference dividend and £25,761,000 ordinary dividend (see Note 17). 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 5 and 6.

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), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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;
- notify the its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- 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.

The auditors, PricewaterhouseCoopers LLP, will continue in office as auditors to the Company.

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 19 January 2017.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'R J Moorhead', is written over the printed name and title.

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 statement of profit or loss and other comprehensive income on page 9, the Company's sales for the year to 31 August 2016 have increased by 7 per cent to £438,202,000 (2015: £411,120,000) compared to the prior year.

The balance sheet on page 10 of the financial statements shows that the Company's net asset position is £390,845,000, an increase of £21,917,000 from 31 August 2015. 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 14 and 15 on page 26.

	2016	2015
Sales	£438,202,000	£411,120,000
Gross profit margin	57.9%	57.2%
Stock turn	7.8 weeks	7.6 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 2016, 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
- International expansion
- 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 2016, a copy of which is available on the Group's website at www.whsmithplc.co.uk.

WH Smith Travel Limited

Strategic report (continued)

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include the effects of foreign exchange rate risk and interest rate risk. The Company is subject to the WH Smith Group policies to ensure proper monitoring and control of financial risk. The policies are set by the Group and are implemented by the Company's finance department.

The Group's treasury function seeks to reduce exposures to interest rate, foreign exchange and other financial risks, and to ensure liquidity is available to meet the foreseeable needs of the Group and to invest cash assets safely and profitably. The Group does not engage in speculative trading in financial instruments and transacts only in relation to underlying business requirements. The Group's treasury policies and procedures are periodically reviewed and approved by the Group's Audit Committee and are subject to regular Group Internal Audit review. Further information on the Group's financial risk management policies and procedures are given in the WH Smith PLC Annual Report and Accounts 2016, which does not form part of this report.

Liquidity risk

The Company manages its exposure to liquidity risk by reviewing the cash resources required to meet its business objectives through both short and long-term cash flow forecasts.

The Group has a policy of pooling cash flows in order to optimise the return on surplus cash and also to utilise cash within the Group to reduce the costs of external short-term funding.

Credit risk

Credit risk is the risk that a counterparty may default on their obligation to the Company in relation to lending, settlement and other financial activities. The Company's principal financial assets are trade and other receivables and bank balances and cash.

The Company has credit risk attributable to its trade and other receivables including a number of sale or return contracts with suppliers. The amounts included in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The Company has low retail credit risk due to the transactions being principally of a high volume, low value and short maturity. The Company has no significant concentration of credit risk, with the exposure spread over a large number of counterparties and customers.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company does not hold collateral over any of these financial assets.

Interest rate risk

The Company is exposed to cash flow interest rate risk on floating rate intercompany loans and overdrafts.

Foreign currency risk

Foreign exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. As an intermediate holding company in a group of companies which engage in retailing with overseas operations the Company is indirectly exposed to foreign currency risk. The Company's foreign currency exposures are principally to the Australian dollar and the euro.

The Group uses forward foreign exchange contracts to hedge significant future transactions and cash flows denominated in currencies other than pounds sterling.

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 2016 was 60 days (2015: 51 days).

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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 2016.

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 2016 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 2016 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 19 January 2017.

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 2016 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 and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 August 2016;
- the Statement of profit or loss and other comprehensive income for the year then ended;
- the Statement of changes in equity 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 United Kingdom Accounting Standards comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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 on page 2, 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

19 June 2017

WH Smith Travel Limited

Statement of profit or loss and other comprehensive income For the year ended 31 August 2016

	Note	2016 £'000	2015 £'000
Revenue	3	438,202	411,120
Cost of Sales		(184,536)	(175,885)
Gross profit		<u>253,666</u>	<u>235,235</u>
Distribution costs		(160,024)	(150,489)
Administrative expenses		(16,501)	(21,442)
Other operating income	4	<u>62</u>	<u>62</u>
Operating profit	5	<u>77,203</u>	<u>63,366</u>
Interest payable and similar charges	6	<u>(8)</u>	<u>(1,586)</u>
Profit on ordinary activities before taxation		<u>77,195</u>	<u>61,780</u>
Income tax expense on profit on ordinary activities	9	<u>(15,278)</u>	<u>(18,913)</u>
Profit for the financial year		<u>61,917</u>	<u>42,867</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the financial year		<u><u>61,917</u></u>	<u><u>42,867</u></u>

All results are derived from continuing operations.

WH Smith Travel Limited

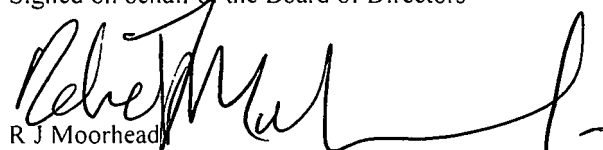
Balance sheet As at 31 August 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Intangible assets	10	8,007	7,249
Goodwill	11	250,179	250,179
Property, plant and equipment	12	42,287	41,048
Investments in subsidiaries	13	57	36
Investments in associates and joint ventures	13	95	95
		<u>300,625</u>	<u>298,607</u>
Current assets			
Inventory		27,547	25,702
Trade and other receivables: amounts falling due within one year	14	214,271	241,207
Trade and other receivables: amounts falling due after more than one year	14	1,811	314
Deferred tax assets	9	762	1,086
Cash and cash equivalents		26,192	11,206
		<u>270,583</u>	<u>279,515</u>
Creditors: amounts falling due within one year	15	<u>(180,363)</u>	<u>(209,106)</u>
Net current assets		<u>90,220</u>	<u>70,409</u>
Total assets less current liabilities		<u>390,845</u>	<u>369,016</u>
Provisions for liabilities	16	-	(88)
Net assets		<u>390,845</u>	<u>368,928</u>
Equity			
Ordinary shares	18	289,000	289,000
Share premium		38,460	38,460
Translation reserve		-	-
Retained earnings		63,385	41,468
Total shareholders' funds		<u>390,845</u>	<u>368,928</u>

The notes on pages 12 to 29 are an integral part of these financial statements.

These financial statements of WH Smith Travel Limited, registered number 6560378, on pages 9 to 29, were approved by the Board of Directors and authorised for issue on 19 January 2017.

Signed on behalf of the Board of Directors


R J Moorhead
Director

WH Smith Travel Limited

Statement of changes in equity For the year ended 31 August 2016

	Called up equity share capital £'000	Share premium £'000	Translatio n reserve £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance as at 1 September 2014	289,000	38,460	(519)	39,120	366,061
Profit for the financial year	-	-	-	42,867	42,867
Other comprehensive income for the year					
Foreign exchange gains / (losses)	-	-	519	(519)	-
Total comprehensive income for the year	-	-	519	42,348	42,867
Dividends (Note 17)	-	-	-	(40,000)	(40,000)
Balance as at 31 August 2015	289,000	38,460	-	41,468	368,928
Balance as at 1 September 2015	289,000	38,460	-	41,468	368,928
Profit for the financial year	-	-	-	61,917	61,917
Total comprehensive income for the year	-	-	-	61,917	61,917
Dividends (Note 17)	-	-	-	(40,000)	(40,000)
Balance as at 31 August 2016	289,000	38,460	-	63,385	390,845

WH Smith Travel Limited

Notes to the financial statements Year ended 31 August 2016

1. Accounting policies

A summary of principal accounting policies is set out below.

General information

WH Smith Travel Limited is a private limited company and is incorporated and domiciled in the UK.

Accounting convention

The financial statements of WH Smith Travel Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The financial statements are prepared under the historical cost basis as modified by the revaluation of certain financial instruments and are in compliance with the Companies Act 2006 as applicable to companies applying FRS 101 and applicable United Kingdom law and accounting standards.

All accounting policies have been applied consistently in the current year and the prior year, except as noted below.

Basis of preparation

The Company is a wholly owned subsidiary of WH Smith Travel 2008 Limited and of its ultimate parent WH Smith PLC. It is included in the consolidated financial statements of WH Smith PLC which are publicly available. Therefore, 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 6.

The Company has transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice for all periods presented. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 August 2016. This transition is not considered to have had a material effect on the financial statements. The effects of the transition are disclosed in Note 23.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- a) IFRS 7, 'Financial Instruments: Disclosures';
- b) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - a. Paragraph 79(a)(iv) of IAS 1;
 - b. Paragraph 73(e) of IAS 16 Property, plant and equipment;
- c) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- d) IAS 7, 'Statement of cash flows';
- e) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- f) The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Where relevant, equivalent disclosures have been given in the group financial statements of WH Smith PLC. The group financial statements of WH Smith PLC are available to the public and can be obtained as set out in Note 22.

WH Smith Travel Limited

Notes to the financial statements (continued) **Year ended 31 August 2016**

1. Accounting policies (continued)

Basis of preparation (continued)

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

New standards adopted in the year

The Company has adopted the following standards and interpretations which became mandatory during the current financial year. These changes have had no material impact on the Company's financial statements:

- Amendment to IAS 19 Defined Benefit Plans: Employee Contributions
- Annual improvements 2010–2012
- Annual improvements 2011–2013

Revenue

Revenue 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. Revenue 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.

Interest payable

Interest payable and similar charges are recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount of the financial liability.

Inventory

Inventory comprises goods for resale and are stated at the lower of cost and net realisable value. Consignment stocks are not included within stocks held by the Company. Inventories are valued using a weighted average cost method.

Cost is calculated to include, where applicable, duties, handling, transport and directly attributable costs including a deduction for applicable supplier income) in bringing the inventories to their present location and condition. Net realisable value is based on estimated normal selling prices less further costs expected to be incurred in selling and distribution. Cost of inventories includes the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases.

Provisions are made for obsolescence, markdown and shrinkage.

WH Smith Travel Limited

Notes to the financial statements (continued) **Year ended 31 August 2016**

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating 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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiary undertakings, associates and joint ventures are accounted for at cost less, where appropriate provisions for impairment. The carrying value of investments in group undertakings is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2016

1. Accounting policies (continued) Property, plant and equipment

Property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value. The carrying values of tangible fixed assets previously revalued have been retained at their book amount.

Depreciation is charged so as to write off the costs of assets, other than land, over their estimated useful lives, using the straight-line method, with the annual rates applicable to the principal categories being:

- Short-term leasehold – over the period of the leases or their estimated remaining lives if less;
- Fixtures and fittings – up to ten years;
- Equipment and vehicles - five to ten years.

The residual values of property, plant and equipment are reassessed on an annual basis.

At each balance sheet date, property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future pre-tax cash flows of the relevant cash-generating unit or fair value, less costs to sell, if higher. Any impairment in value is charged to the income statement in the period in which it occurs.

Intangible assets

a) Goodwill

Goodwill represents the excess of the fair value of purchase consideration over the net fair value of identifiable assets and liabilities acquired.

Goodwill is recognised as an asset at cost and subsequently measured at cost less accumulated impairment. For the purposes of impairment testing, goodwill is allocated to those cash-generating units that have benefited from the acquisition. The carrying value of goodwill is reviewed for impairment at least annually or where there is an indication that goodwill may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, then the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis. Any impairment is recognised immediately in the income statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

The directors have concluded that goodwill arising on acquisitions should not be amortised as it has an indefinite useful economic life. 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 2016 (2015: £12,509,000) and goodwill would have decreased by £100,072,000 (2015: £87,563,000).

b) Other intangible assets

The costs of acquiring and developing software that is not integral to the related hardware is capitalised separately as an intangible asset. These intangibles are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged so as to write off the costs of assets over their estimated useful lives, using the straight-line method, and is recorded in Distribution costs. The estimated lives are usually a period of up to five years. Other intangible assets are valued at cost and amortised over their useful life, and the amortisation is recorded in Administrative expenses, unless the asset can be demonstrated to have an indefinite life.

WH Smith Travel Limited

Notes to the financial statements (continued) **Year ended 31 August 2016**

1. Accounting policies (continued)

Financial instruments (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 cost 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 and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

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 Company 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.

f) Equity instruments

Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Government grants

Government grants are recognised in the statement of profit or loss and other comprehensive income 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.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of profit or loss and other comprehensive income for the period.

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2016

2. Critical accounting judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Significant items subject to such assumption and estimate include the useful economic life of assets; the measurement and recognition of provisions; the recognition of deferred tax assets; and the liabilities for potential corporation tax. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

The most critical accounting policies in determining the financial condition and results of the Company are those requiring the greatest degree of subjective or complex judgement. These relate to valuation of goodwill and acquired intangible assets, onerous lease costs, inventory valuation and taxation.

a) Goodwill, intangible assets and property, plant and equipment impairment reviews

The Company is required to review goodwill annually to determine if any impairment has occurred. Value-in-use calculations require the use of estimates in relation to future cash flows and suitable discount rates.

Property, plant and equipment and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted the recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates.

b) Inventory valuation

Inventory is carried at the lower of cost and net realisable value which requires the estimation of the eventual sales price of goods to customers in the future. Any difference between the expected and the actual sales price achieved will be accounted for in the period in which the sale is made.

c) Provisions

Provisions have been estimated for taxation, onerous leases and discontinued operation exit costs. These provisions represent the best estimate of the liability at the time of the balance sheet date, the actual liability being dependent on future events such as economic environment and marketplace demand. Expectations will be revised each period until the actual liability arises, with any difference accounted for in the period in which the revision is made.

3. Revenue

Substantially all revenue is from sales of goods and arises in the United Kingdom from retailing.

4. Other operating income

Other operating income recognised in the year ended 31 August 2016 of £62,000 (2015: £62,000) 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 2016

5. Operating profit

Operating profit is stated after charging:

	2016 £'000	2015 £'000
Depreciation and impairment of owned tangible assets	9,098	7,849
Amortisation and impairment of intangible assets	1,190	1,111
Cost of inventories recognised as an expense	184,536	175,885
Write-downs of inventory in the year	1,229	675
Foreign exchange (gains) / losses	(344)	41
Net operating lease charges:		
- land and buildings	87,802	85,136
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	-	-

Statutory disclosures in respect of non-audit fees are given in the consolidated financial statements of WH Smith PLC

6. Interest payable and similar charges

	2016 £'000	2015 £'000
Investment income:		
Interest receivable from other Group companies	337	251
	<u>337</u>	<u>251</u>
Finance costs:		
Other interest payable and similar charges	(345)	(1,837)
	<u>(345)</u>	<u>(1,837)</u>
Interest payable and similar charges	(8)	(1,586)

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2016

7. 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 as follows.

	2016 £'000	2015 £'000
Staff costs		
Wages and salaries	44,254	39,479
Social security costs	2,725	2,419
Employee share schemes	(404)	599
Other pension costs	480	461
	<u>47,055</u>	<u>42,958</u>
	2016 No.	2015 No.
Monthly average number of employees (Retailing)	<u>3,372</u>	<u>3,140</u>

The amounts recognised as an expense for defined contribution pension schemes was £480,000 (2015: £461,000).

8. Directors' remuneration

The remuneration of S Clarke and R J Moorhead is paid by a fellow Group company and no allocation of their services, as directors of WH Smith Travel Limited and other Group companies, is made. S Clarke and R J Moorhead are directors of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, no disclosure in respect of the remuneration of S Clarke and R J Moorhead is made. The remuneration of S Clarke and R J Moorhead is included in the directors' emoluments disclosed in the consolidated financial statements of WH Smith PLC.

I Houghton received no remuneration in respect of his services as a director of the Company during the year (2015: £nil).

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2016

9. Tax on profit on ordinary activities

a) Tax expense included in profit and loss

	2016 £'000	2015 £'000
Current tax:		
Current tax on profits for the year	15,754	13,102
Adjustments in respect of prior periods	(712)	5,419
	<u>15,042</u>	<u>18,521</u>
Deferred tax:		
Origination and reversal of timing differences	(77)	(146)
Adjustments in respect of prior periods	313	538
	<u>313</u>	<u>538</u>
Tax on profit on ordinary activities	<u>15,278</u>	<u>18,913</u>

Reconciliation of the tax charge

The tax assessed for the year is lower (2015: higher) than the standard rate of corporation tax in the UK (2016: 20.00%, 2015: 20.58%). The differences are explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	<u>77,195</u>	<u>61,780</u>
Tax on profit on ordinary activities before taxation at the UK rate of corporation tax of 20.00% (2015: 20.58%)	15,439	12,714
Expenses not deductible for tax purposes	238	242
Adjustments in respect of prior periods	(399)	5,957
Total tax charge	<u>15,278</u>	<u>18,913</u>

The UK corporation tax rate has been 20 per cent with effect from 1 April 2015. The UK corporation tax rate will reduce to 19% from 1 April 2017 and 18% from 1st April 2020. Additional changes to the UK corporation tax rates were announced in the Chancellor's Budget on 16 March 2016. These include a reduction to the main rate to reduce the rate to 17 per cent from 1 April 2020. As the change 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 2016

9. Tax on profit on ordinary activities (continued)

b) Deferred tax

The following are the major deferred tax (liabilities)/assets recognised by the Company and movements thereon during the current and prior reporting years:

	Accelerated tax depreciation	Short-term timing differences	Total
	£'000	£'000	£'000
At 1 September 2015	(88)	1,086	998
Charged to income	77	-	77
Charged to equity	-	-	-
Adjustments in respect of prior years	60	(373)	(313)
At 31 August 2016	49	713	762
At 1 September 2014	(218)	1,608	1,390
Charged to income	146	-	146
Adjustments in respect of prior years	(16)	(522)	(538)
At 31 August 2015	(88)	1,086	998

Changes to UK corporation tax rates reduce the tax rate to 19% from 1 April 2017 and 18% from 1st April 2020. Additional changes to the UK corporation tax rates were announced in the Chancellor's Budget on 16 March 2016. These include a reduction to the main rate to 17 per cent from 1 April 2020. As the change 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 year.

	2016 £'000	2015 £'000
Deferred tax liabilities	-	(88)
Deferred tax assets	762	1,086

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2016

10. Intangible assets

	Tenancy rights £'000	Software £'000	Total £'000
Cost			
At 1 September 2015	7,056	7,470	14,526
Additions	7	1,939	1,946
Disposals	-	(27)	(27)
At 31 August 2016	7,063	9,382	16,445
Accumulated amortisation			
At 1 September 2015	2,889	4,388	7,277
Amortisation charge	151	1,033	1,184
Impairment charge	-	4	4
Disposals	-	(27)	(27)
At 31 August 2016	3,040	5,398	8,438
Net book value			
At 31 August 2016	4,023	3,984	8,007
At 31 August 2015	4,167	3,082	7,249

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. Other intangible assets relate to software and are being amortised over five to ten years.

11. Goodwill

	£'000
Cost	
At 1 September 2015 and 31 August 2016	250,179
Accumulated amortisation	
At 1 September 2015 and 31 August 2016	-
Net book value	
At 31 August 2015 and 31 August 2016	250,179

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.

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2016

11. Goodwill (continued)

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 (2015: ten per cent).

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.

12. Property, plant and equipment

	Short-term leasehold £'000	Equipment and vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 September 2015	33,201	26,305	23,136	82,642
Additions	5,077	3,135	2,586	10,798
Disposals	(1,061)	(3,229)	(1,884)	(6,174)
At 31 August 2016	37,217	26,211	23,838	87,266
Accumulated depreciation				
At 1 September 2015	17,057	13,291	11,246	41,594
Charge for the year	4,034	2,753	1,781	8,568
Impairment	202	180	148	530
Disposals	(1,057)	(2,772)	(1,884)	(5,713)
At 31 August 2016	20,236	13,452	11,291	44,979
Net book value				
At 31 August 2016	16,981	12,759	12,547	42,287
At 31 August 2015	16,144	13,014	11,890	41,048

The net book value of assets held under finance leases within equipment and vehicles at 31 August 2016 was £nil (2015: £nil).

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2016

13. Investments in subsidiary undertakings, associates and joint ventures

	2016			2015		
	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	36	95	131	34	-	34
Additions	21	-	21	2	95	97
	<u>57</u>	<u>95</u>	<u>152</u>	<u>36</u>	<u>95</u>	<u>131</u>
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	<u>57</u>	<u>95</u>	<u>152</u>	<u>36</u>	<u>95</u>	<u>131</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets. At 31 August 2016 the Company directly owned the issued share capital of the following companies.

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2016

13. Investments in subsidiary undertakings, associates and joint ventures (continued)

Subsidiaries	Nature of business	Class of share	Country of incorporation	Ownership percentage	Registered address
WH Smith Ireland Limited	Retailing	Ordinary	Ireland	100	6th Floor, Grand Canal Square, Dublin 2
WH Smith Australia Pty Limited	Retailing	Ordinary	Australia	100	Suite 401, Level 4, 72-80 William Street, Woolloomooloo, NSW 2011 Australia
WH Smith New Zealand Limited	Dormant	Ordinary	New Zealand	100	Minter Ellison Rudd Watts, Lumley Centre, 88 Shortland Street, Auckland Central, Auckland 1010, New Zealand
WH Smith (Qatar) Limited	Dormant	Ordinary	England and Wales	100	Greenbridge Road, Swindon, Wiltshire, SN3 3RX
WH Smith Singapore Pte. Limited	Dormant	Ordinary	Singapore	100	9 Battery Road #15-01, Straits Trading Building, Singapore 049910
WH Smith LLC	Retailing	Ordinary	Qatar	49	Global Business Centre II, Al Hitmi Village, Bldg. no.7 Corniche Road, P.O Box 25422, Doha, Qatar
WH Smith Malaysia SDN BHD	Retailing	Ordinary	Malaysia	50	C2-6-1, Solaris Dutamas 1, Jalan Dutamas 1, 50480, Kuala Lumpur, Malaysia
WH Smith Germany GmbH	Retailing	Ordinary	Germany	100	c/o RSM Deutschland GmbH, Wirtschaftsprüfungsgesellschaft, RSM Altavis c/o Herrn Gunnar Steffen, Martin-Luther-Platz 26, 40212 Düsseldorf, Germany
WH Smith Spain S.L.U.	Retailing	Ordinary	Spain	100	Paseo de Recoletos 27, 7a, 28004, Madrid, Spain

None of the above companies were impaired in the year (2015: £nil). At 31 August 2016 the Company indirectly owned the entire issued share capital Wild Retail Group Pty Limited, a retailing company incorporated in Australia (registered address: Suite 401, Level 4, 72-80 William Street, Woolloomooloo, NSW 2011 Australia).

Notes to the financial statements (continued)
Year ended 31 August 2016

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade receivables	12,102	11,139
Amounts owed by group undertakings	195,029	224,452
Other receivables	916	751
Prepayments and accrued income	6,224	4,865
	<hr/>	<hr/>
	214,271	241,207
Amounts falling due after more than one year:		
Prepayments and accrued income	1,811	314
	<hr/>	<hr/>
	216,082	241,521

15. Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Trade payables	30,504	24,685
Amounts owed to group undertakings	102,146	105,587
Bank loans and overdrafts	322	30,178
Corporation Tax	9,293	14,326
Other taxation and social security	8,014	7,043
Other payables	19,796	17,244
Accruals and deferred income	10,288	10,043
	<u>180,363</u>	<u>209,106</u>

16. Provisions for liabilities

		Deferred taxation £'000
The movements on total provisions is as follows:		
At 1 September 2015		88
Utilised during the year		(88)
		<hr/>
At 31 August 2016		-
		<hr/> <hr/>
	2016 £'000	2015 £'000
Analysis of deferred taxation:		
Capital allowances in excess of depreciation	-	88

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WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2016

17. Dividends on equity shares

	2016 £'000	2015 £'000
Amounts recognised as distributions to preference shareholders in the year	14,239	14,174
Amounts recognised as distributions to ordinary shareholders in the year	25,761	25,826
	<u>40,000</u>	<u>40,000</u>

Interim preference dividends for the year ended 31 August 2016 of 7.4p per share (2015: 7.3p). 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 2016 of 26.8p (2015: 26.9p) per ordinary share.

18. Share capital

	2016		2015	
	Number of shares '000	Nominal value £'000	Number of shares '000	Nominal value £'000
Allotted 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
	<u>289,000</u>	<u>289,000</u>	<u>289,000</u>	<u>289,000</u>

On 1 September 2008, 96,000,000 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.

19. Capital commitments

Contracts placed for future capital expenditure approved by the directors but not incurred in these financial statements amounts to £1,776,000 (2015: £432,000).

20. Contingent liabilities

	2016 £'000	2015 £'000
Bank guarantees	1,327	-
	<u>1,327</u>	<u>-</u>

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.

WH Smith Travel Limited

Notes to the financial statements (continued) **Year ended 31 August 2016**

21. Related party transactions

The Company has taken advantage of the exemptions granted by paragraph 8(k) of FRS 101, not to disclose transactions with WH Smith PLC Group companies and interests of the Group who are related parties.

22. 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

WH Smith Travel Limited

Notes to the financial statements (continued) Year ended 31 August 2016

23. Transition to FRS 101

Background

This is the first year in respect of which the Company has prepared its financial statements under FRS 101. The previous financial statements for the year ended 31 August 2015 were prepared under 'old UK GAAP'. The date of transition to FRS 101 for the Company is 1 September 2014. Set out below are reconciliations from 'old UK GAAP' to FRS 101 for both total comprehensive income for the year ended 31 August 2015 and total equity as at 1 September 2014 and 31 August 2015.

Reconciliation of Total shareholders' funds as at 1 September 2014 and 31 August 2015

	1 September 2014 £'000	31 August 2015 £'000
UK GAAP – As previously reported	366,061	368,928
FRS 101 – Restated	<u>366,061</u>	<u>368,928</u>

Reconciliation of Total Comprehensive Income for the year ended 31 August 2015

	31 August 2015 £
UK GAAP – As previously reported	42,867
FRS 101 – Restated	<u>42,867</u>