

**Company Registration No. 03981392**

**WH Smith Hospitals Limited**

**Report and Financial Statements**

**31 August 2014**

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# **WH Smith Hospitals Limited**

## **Report and financial statements 2014**

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# **WH Smith Hospitals Limited**

## **Report and financial statements 2014**

### **Officers and professional advisers**

#### **Directors**

S Clarke  
R J Moorhead  
I Houghton

#### **Company Secretary**

I Houghton

#### **Registered Office**

Greenbridge Road  
Swindon  
Wiltshire  
SN3 3RX

#### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory  
Auditor  
London  
United Kingdom

# **WH Smith Hospitals Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 August 2014.

### **Directors**

The names of the present Directors of the Company are shown on page 1. The following changes took place in the composition of the Board of Directors between 31 August 2013 and the date of this report:

S Clarke (appointed 6 September 2013)

### **Results and dividends**

The audited financial statements for the year ended 31 August 2014 are set out on pages 7 to 21. The profit for the year after taxation was £5,056,483 (2013: £5,230,627). During the year the Company paid a dividend of £7,000,000 to its parent company (2013: £8,000,000).

### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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; 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 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 Hospitals Limited**

## **Directors' report (continued)**

### **Auditor**

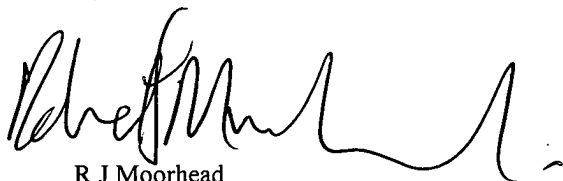
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is 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 4 March 2015.

By Order of the Board

A handwritten signature in black ink, appearing to read 'R J Moorhead', with a long horizontal flourish extending to the right.

R J Moorhead

Director

# WH Smith Hospitals 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 activity of the Company is the operation of convenience stores and coffee shops in hospitals.

The Company produced a satisfactory trading performance resulting in a profit after tax for the year to 31 August 2014 of £5,056,483 (2013: £5,230,627). The Company is expected to continue to trade profitably in the foreseeable future.

As shown in the Company's profit and loss account on page 7, the Company's sales for the year to 31 August 2014 were £49,848,720 (2013: £48,483,601).

The balance sheet on page 8 of the financial statements shows that the Company's net asset position is £7,163,776, a reduction of £2,020,317. This reflects the profit generation of the Company and the dividend paid during the year. Details of the amounts owed by and to other group undertakings are shown in notes 11 and 12 on page 16.

The key measures the Company uses to monitor performance are:

	2014	2013
Sales growth	2.82%	3.30%
Gross profit margin	51.69%	50.90%
Stock turn	4.14 weeks	4.76 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.

### Principal risks and uncertainties

As the Company trades exclusively within hospitals, its performance is linked to staff and patient numbers. As a retailer, the Company is sensitive to the economic climate and can be affected by the general condition of the UK retail market. The risk from lower patient and staff numbers and from an adverse economic climate are mitigated by improving product range, margins and cost control together with investment in additional branches.

A further risk is the competitive nature of tendering for retail opportunities within the NHS (National Health Service), however by carefully tailoring the offering to the requirements of each opportunity this risk may be reduced.

The WH Smith PLC group manages its operations, including WH Smith Hospitals 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 Hospitals Limited.

- Reliance on the WH Smith brand
- Economic, political, competitive and market risks
- Key suppliers and supply chain management
- Store portfolio
- Business interruption
- Reliance on key personnel
- Treasury, financial and credit risk management

Group risks including risk management are discussed in further detail within the Risks and Uncertainties sections of Strategic report in the Group's Annual Report and Accounts 2014, a copy of which is available on the Group's website at [www.whsmithplc.co.uk](http://www.whsmithplc.co.uk).

# WH Smith Hospitals Limited

## Strategic report

### 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 2014.

### 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 2014 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 2014 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](http://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 4 March 2015.

By Order of the Board



R J Moorhead

Director

## **Independent auditor's report to the members of WH Smith Hospitals Limited**

We have audited the financial statements of WH Smith Hospitals Limited for the year ended 31 August 2014 which comprise profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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. In addition, we read all the financial and non-financial information in the annual report 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.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2014 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.

### **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.

### **Matters on which we are required to report by exception**

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

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



Stephen Griggs (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

4 March 2015



# WH Smith Hospitals Limited

## Profit and loss account Year ended 31 August 2014

	Notes	2014 £	2013 £
<b>Turnover</b>	2	49,848,720	48,483,601
Cost of sales		(24,080,398)	(23,803,807)
<b>Gross profit</b>		<b>25,768,322</b>	<b>24,679,794</b>
Administrative expenses		(19,181,984)	(18,210,640)
<b>Operating profit</b>	5	<b>6,586,338</b>	<b>6,469,154</b>
Interest receivable and similar income	6	-	70,750
Interest payable and similar charges	7	(28,310)	(17,057)
<b>Profit on ordinary activities before taxation</b>		<b>6,558,028</b>	<b>6,522,847</b>
Tax on profit on ordinary activities	8	(1,501,545)	(1,292,220)
<b>Profit for the financial year</b>		<b><u>5,056,483</u></b>	<b><u>5,230,627</u></b>

All activities are derived from continuing operations.


# WH Smith Hospitals Limited

## Balance sheet As at 31 August 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Tangible fixed assets	9	5,938,704	5,801,031
Intangible fixed assets	10	65,625	76,125
		<u>6,004,329</u>	<u>5,877,156</u>
<b>Current assets</b>			
Stock		1,914,962	2,179,000
Debtors due within one year	11	15,985,295	17,314,110
Debtors due after more than one year	11	106,065	105,930
Cash at bank and in hand		2,618,354	2,159,304
		<u>20,624,676</u>	<u>21,758,344</u>
<b>Creditors: amounts falling due within one year</b>	12	(19,403,869)	(18,387,647)
<b>Net current assets</b>		<u>1,220,807</u>	<u>3,370,697</u>
<b>Total assets less current liabilities</b>		<u>7,225,136</u>	<u>9,247,853</u>
<b>Provisions for liabilities</b>	13	-	-
<b>Net assets before net pension liability</b>		<u>7,225,136</u>	<u>9,247,853</u>
<b>Net pension liability</b>	14	(61,360)	(63,760)
<b>Net assets</b>		<u>7,163,776</u>	<u>9,184,093</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,000,000	1,000,000
Profit and loss account		6,163,776	8,184,093
<b>Shareholders' funds</b>		<u>7,163,776</u>	<u>9,184,093</u>

These financial statements of WH Smith Hospitals Limited, registered number 03981392, were approved by the Board of Directors and authorised for issue on 4 March 2015.

Signed on behalf of the Board of Directors

  
R J Moorhead  
Director

## WH Smith Hospitals Limited

### Statement of total recognised gains and losses Year ended 31 August 2014

	2014 £	2013 £
Profit on ordinary activities after taxation	5,056,483	5,230,627
Actuarial gain / (loss) on pension scheme	(96,000)	440,000
Deferred tax attributable to pension scheme liabilities	19,200	(103,752)
<b>Total recognised gains and losses for the financial period</b>	<b>4,979,683</b>	<b>5,566,875</b>

### Reconciliation of movements in shareholders' funds Year ended 31 August 2014

	Called up equity share capital £	Profit and loss account £	Total £
At 31 August 2013	1,000,000	8,184,093	9,184,093
Total recognised gains and losses for the financial period	-	4,979,683	4,979,683
Dividends payable (Note 15)	-	(7,000,000)	(7,000,000)
<b>At 31 August 2014</b>	<b>1,000,000</b>	<b>6,163,776</b>	<b>7,163,776</b>

# **WH Smith Hospitals Limited**

## **Notes to the financial statements Year ended 31 August 2014**

### **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.

#### **Basis of preparation**

The financial statements are for the year ended 31 August 2014. The prior period financial statements are for the year ended 31 August 2013.

The financial statements have been prepared on a going concern basis as explained in the Strategic report on page 5.

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.

#### **Stock**

Goods for resale are stated at the lower of cost and net realisable value.

#### **Leases**

Rentals under operating leases are charged on a straight-line basis over the term of the lease.

#### **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.

#### **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.

# WH Smith Hospitals Limited

## Notes to the financial statements (continued) Year ended 31 August 2014

### 1. Accounting policies (continued)

#### 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 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:

- Plant and machinery – five to ten years

#### Intangible assets

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. Intangible assets related to tenancy rights are amortised over the period of the lease.

#### Pension costs

In accordance with FRS 17 "Retirement benefits", the service cost of pension provision relating to the period, together with the cost of any benefits relating to past service if the benefits have vested, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Group's long-term expected return on assets (based on the market value of the scheme assets at the start of the year), are included in the profit and loss account under net finance charges. The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet net of deferred tax. Any differences between the actual and expected return on assets during the year are recognised in the Statement of Total Recognised Gains and Losses along with differences arising from experience or assumption changes.

Costs in respect of the Company's defined contribution pension schemes are charged to the profit and loss account on an accruals basis as contributions become payable.

#### 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.

# WH Smith Hospitals Limited

## Notes to the financial statements (continued) Year ended 31 August 2014

### 1. Accounting policies (continued)

#### *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.

### 2. Turnover

All of the Company's turnover and profit before taxation arose in the UK and from its principal activity.

### 3. 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 2014 and no allocation of their services, as directors of WH Smith Hospitals 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 period (2013: £nil).

### 4. Employees and staff costs

	2014 £	2013 £
<b>Staff costs</b>		
Wages and salaries	5,326,904	5,688,344
Social security costs	227,115	220,659
Pensions	60,387	40,417
	<u>5,614,406</u>	<u>5,949,420</u>
	No.	No.
Average no. of employees (full time equivalents)	<u>325</u>	<u>359</u>

# WH Smith Hospitals Limited

## Notes to the financial statements (continued) Year ended 31 August 2014

### 5. Operating profit

Operating profit is stated after charging:

	2014 £	2013 £
Depreciation on owned assets	1,187,565	1,191,446
Impairment of tangible fixed assets	7,220	53,173
Amortisation of intangible fixed assets	10,500	10,500
Operating lease rentals - property	7,975,195	7,049,605
Auditor's fees		
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	6,000	6,000
- Non-audit fees including taxation and other services	-	-
	<u>          </u>	<u>          </u>

### 6. Interest receivable and similar income

	2014 £	2013 £
Pension interest	-	70,750
	<u>          </u>	<u>          </u>
Interest receivable and similar income	-	70,750
	<u>          </u>	<u>          </u>

### 7. Interest payable and similar charges

	2014 £	2013 £
Bank loans and overdrafts	28,310	17,057
	<u>          </u>	<u>          </u>
	28,310	17,057
	<u>          </u>	<u>          </u>

# WH Smith Hospitals Limited

## Notes to the financial statements (continued) Year ended 31 August 2014

### 8. Tax on profit on ordinary activities

	2014 £	2013 £
Current tax:		
Current year charge	1,447,973	1,496,690
Prior year adjustment	27,833	(53,143)
Total current tax charge	1,475,806	1,443,547
Deferred tax:		
- current year	22,692	87,836
- prior year	3,047	(239,163)
<b>Tax on profit on ordinary activities</b>	<b>1,501,545</b>	<b>1,292,220</b>
	2014 £	2013 £
Profit on ordinary activities before tax	6,558,028	6,522,847
Tax on profit on ordinary activities at the UK corporation tax rate of 22.16 % (2013: 23.58%)	1,453,258	1,538,087
Effects of:		
Expenses not deductible for tax purposes	(2,081)	(63,902)
Capital allowances for period in excess of depreciation	(3,204)	22,505
Prior year adjustment	27,833	(53,143)
<b>Current tax charge for the period</b>	<b>1,475,806</b>	<b>1,443,547</b>

The UK corporation tax rate fell to 21 per cent with effect from 1 April 2014 (previously 23 per cent).  
The rate of corporation tax will change from 21 per cent to 20 per cent from 1 April 2015.



# WH Smith Hospitals Limited

## Notes to the financial statements (continued) Year ended 31 August 2014

### 9. Tangible fixed assets

	Short leasehold property £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 September 2013	4,178,629	8,527,122	12,705,751
Additions	428,623	903,835	1,332,458
Reclassification	(216,330)	216,330	-
Disposals	(5,379)	(39,233)	(44,612)
At 31 August 2014	<u>4,385,543</u>	<u>9,608,054</u>	<u>13,993,597</u>
<b>Depreciation</b>			
At 1 September 2013	1,091,108	5,813,612	6,904,720
Charge for the year	440,412	747,153	1,187,565
Impairment	6,218	1,002	7,220
Reclassification	70,943	(70,943)	-
Disposals	(5,379)	(39,233)	(44,612)
At 31 August 2014	<u>1,603,302</u>	<u>6,451,591</u>	<u>8,054,893</u>
<b>Net book value</b>			
At 31 August 2014	<u>2,782,241</u>	<u>3,156,463</u>	<u>5,938,704</u>
At 31 August 2013	<u>3,087,521</u>	<u>2,713,510</u>	<u>5,801,031</u>

### 10. Intangible fixed assets

	Total £
<b>Cost</b>	
At 1 September 2013 and 31 August 2014	<u>105,000</u>
<b>Amortisation</b>	
At 1 September 2013	28,875
Charge for the year	10,500
At 31 August 2014	<u>39,375</u>
<b>Net book value</b>	
At 31 August 2014	<u>65,625</u>
At 31 August 2013	<u>76,125</u>

Intangible assets relate to tenancy rights.

# WH Smith Hospitals Limited

## Notes to the financial statements (continued) Year ended 31 August 2014

### 11. Debtors

	2014	2013
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	108,847	135,234
Amounts owed by group undertakings	14,546,116	16,120,023
Other debtors	197,348	202,786
Prepayments and accrued income	1,132,984	856,067
	<u>15,985,295</u>	<u>17,314,110</u>
<b>Amounts falling due after one year:</b>		
Prepayments	106,065	105,930
	<u>16,091,360</u>	<u>17,420,040</u>

Other debtors include a deferred tax asset of £168,329 (2013: £174,267).

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

	2014	2013
	£	£
<b>Analysis of deferred taxation:</b>		
Depreciation in excess of capital allowances	168,329	174,267
<b>At 31 August</b>	<u>168,329</u>	<u>174,267</u>
	2014	2013
	£	£
<b>The movements on deferred tax asset is as follows:</b>		
At 1 September	174,267	-
Provided in period	(5,938)	174,267
<b>At 31 August</b>	<u>168,329</u>	<u>174,267</u>

### 12. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	1,294,924	1,606,589
Amounts owed to other group undertakings	11,452,464	10,873,634
Corporation tax	837,642	697,602
VAT, social security and other taxation	319,807	300,353
Other creditors	3,976,898	3,588,970
Accruals and deferred income	1,522,134	1,320,499
	<u>19,403,869</u>	<u>18,387,647</u>

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

# **WH Smith Hospitals Limited**

## **Notes to the financial statements (continued)** **Year ended 31 August 2014**

### **13. Provisions for liabilities**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
The movements on total provisions is as follows:		
Balance at 1 September 2013	-	39,239
Charged in the year	-	(34,121)
Restatement of closing deferred tax balances to 20%	-	(5,118)
	<u>-</u>	<u>-</u>
Balance at 31 August 2014	<u>-</u>	<u>-</u>

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Analysis of deferred taxation:		
Capital allowances in excess of depreciation	<u>-</u>	<u>-</u>

The rate of corporation tax will change from 21 per cent to 20 per cent from 1 April 2015. The deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period of reversal, we have restated all closing balances using the appropriate rate. The change of rate decreased the deferred tax liability by £nil (2013: £5,118).

# WH Smith Hospitals Limited

## Notes to the financial statements (continued) Year ended 31 August 2014

### 14. Pension arrangements

The Company has a stakeholder pension scheme for its employees. The amount charged to the pension costs of the Company in relation to this scheme was £60,387 (2013: £40,417).

On 15 April 2009, the Company became the sponsoring company of the UNS Group defined benefit pension scheme; the defined benefit scheme has no active members at 31 August 2014 and is closed to new entrants. A full actuarial valuation of the Scheme is carried out every three years with interim reviews in the intervening years. The latest full actuarial valuation of the Pension Trust was carried out as at 5 April 2012, using the projected unit credit method.

The amounts recognised in the balance sheet in relation to the aggregate fair values of the assets in the defined benefit scheme and the aggregate net pension liabilities at 31 August 2014 and the expected rate of return at the balance sheet date were:

	%	2014 £	%	2013 £
Equities	7.50	4,484,000	8.00	4,157,000
Bonds	3.70	688,000	4.40	664,000
Property	7.50	34,000	8.00	31,000
Cash	0.50	498,000	0.50	358,000
Fair value of plan assets		5,704,000		5,210,000
Present value of the obligations		(5,781,000)		(5,290,000)
<b>Deficit recognised in the balance sheet</b>		<b>(77,000)</b>		<b>(80,000)</b>
Related deferred tax asset		15,640		16,240
<b>Net defined benefit scheme deficit</b>		<b>(61,360)</b>		<b>(63,760)</b>

The amounts recognised in the profit and loss account were as follows:

	2014 £	2013 £
Current service cost	-	-
Interest cost	(234,000)	(220,000)
Expected return on scheme assets	234,000	290,750
<b>Total credit / (charge) recognised to profit and loss account</b>	<b>-</b>	<b>70,750</b>
Actual return on plan assets	574,000	639,000

# WH Smith Hospitals Limited

## Notes to the financial statements (continued) Year ended 31 August 2014

### 14. Pensions arrangements (continued)

Movements in the present value of the defined benefit scheme obligations in the current year were as follows:

	2014 £	2013 £
At start of year	5,290,000	5,300,000
Current service cost	-	-
Interest cost	234,000	220,000
Actuarial (gains) / losses	436,000	(92,000)
Benefits paid	(179,000)	(138,000)
At end of year	<u>5,781,000</u>	<u>5,290,000</u>

Movements in the fair value of the defined benefit scheme assets in the year were as follows:

	2014 £	2013 £
At start of year	5,210,000	4,509,000
Expected return on scheme assets	234,000	290,750
Actuarial gains	340,000	348,000
Contributions from the sponsoring companies	99,000	200,250
Benefits paid	(179,000)	(138,000)
At end of year	<u>5,704,000</u>	<u>5,210,000</u>

The principal long-term assumptions used in the actuarial valuation were:

	2014 £	2013 £
Discount rate	3.84%	4.50%
Rate of increase in salaries	N/A	N/A
Rate of increase in pensions payments and deferred pensions	2.00%-3.00%	2.10%-3.00%
RPI inflation assumptions	3.27%	3.49%
CPI inflation assumptions	2.37%	2.59%
Weighted average expected return on plan assets	<u>6.40%</u>	<u>7.00%</u>

# WH Smith Hospitals Limited

## Notes to the financial statements (continued) Year ended 31 August 2014

### 14. Pensions arrangements (continued)

Amounts for the current and previous periods are as follows:

	2014 £	2013 £
Defined benefit obligation	(5,781,000)	(5,290,000)
Plan assets	5,704,000	5,210,000
Deficit	<u>(77,000)</u>	<u>(80,000)</u>
<b>Experience adjustment on plan liabilities</b>		
Amount (£'000)	-	-
Percentage of scheme assets	-%	-%
<b>Experience adjustment on plan assets</b>		
Amount (£'000)	212	348
Percentage of scheme assets	4%	7%
<b>Total amount recognised in the statement of total recognised gains and losses</b>		
Amount (£'000)	(96)	440
Percentage of scheme assets	(2%)	8%

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

### 15. Dividends on equity shares

	2014 £	2013 £
Amounts recognised as distributions to equity holders in the period	7,000,000	8,000,000
	<u>7,000,000</u>	<u>8,000,000</u>

Interim dividend for the year ended 31 August 2014 of £7.00 (2013: £8.00) per ordinary share.

### 16. Called-up share capital

	2014 £	2013 £
<b>Allotted, called-up and fully paid</b>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

# WH Smith Hospitals Limited

## Notes to the financial statements (continued) Year ended 31 August 2014

### 17. Financial commitments

In the ordinary course of business, the Company has future financial commitments arising from the occupancy of leasehold premises in hospitals. Annual commitments under non-cancellable operating leases are:

	Property	
	2014	2013
	£	£
Expiry date:		
- Within one year	466,844	494,081
- Between two and five years	1,471,205	1,593,765
- After five years	4,678,552	4,235,088
	<u>6,616,601</u>	<u>6,322,934</u>

At 31 August 2014 the Company had capital commitments contracted for but not provided for of £nil (2013: £nil).

### 18. Related party transactions

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

### 19. 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 Hospitals Holdings 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