

**Company Registration No. 549069**

**WH Smith 1955 Limited**

**Annual Report and Unaudited Financial Statements**

**31 August 2021**

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# **WH Smith 1955 Limited**

## **Annual report and unaudited financial statements 31 August 2021**

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# **WH Smith 1955 Limited**

## **Annual report and unaudited financial statements 31 August 2021**

### **Officers and professional advisers**

#### **Directors**

R J Moorhead  
I Houghton  
C Cowling

#### **Company Secretary**

I Houghton

#### **Registered Office**

Greenbridge Road  
Swindon  
Wiltshire  
England  
SN3 3RX

# WH Smith 1955 Limited

## Directors' report

The directors present their annual report and the unaudited financial statements for the year ended 31 August 2021.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. Under section 414B of the Companies Act 2006, a strategic report has not been prepared.

### Principal activities

The principal activities of the Company during the current and prior years were acting as a holding company for a group of non-trading companies.

### Directors

The names of the present directors of the Company and who served throughout 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 future developments

The unaudited financial statements for the year ended 31 August 2021 are set out on pages 4 to 14. The financial statements have been prepared under Financial Reporting Standard 101 ("FRS 101"). The Company earns interest on loans to other group undertakings. No changes in its activities are foreseen.

Throughout the year, the trading environment remained impacted by Covid-19 with extensive restrictions in place. Management focused on initiatives within its control that have supported the Group in the immediate term and put the Group in a good position to emerge operationally stronger as our markets continue to recover.

These key areas of focus are as follows:

- Securing the Group's financial position through the new banking arrangements and convertible bond issuance announced in April 2021. This gives us a strong balance sheet, extends maturity dates to 2025 and increases the revolving credit facility to £250m.
- Driving average transaction value and sales per passenger. Extending categories and ranges to reflect the specific needs of customers in each location where the Group operates.
- Working with landlords and building on the Group's strong relationships to create opportunities for winning new business, extending key contracts and improving the quality and location of the space where we operate.
- Forensic focus on costs and cash, minimising discretionary spend and managing cash burn.

### Going concern and financial risk management

Disclosures in respect of going concern and financial risk management are given in Note 1.

### Dividends

The Directors do not recommend the payment of a final dividend (2020: £nil).

### Elective resolutions

At an Extraordinary General Meeting of the Company held on 27 May 1994, Elective Resolutions were passed dispensing with:

- i) the laying of financial statements and reports before the Company in general meeting;
- ii) the holding of Annual General Meetings; and
- iii) the obligation to appoint auditors annually.

# **WH Smith 1955 Limited**

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

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws 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, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

On behalf of the board



Robert J Moorhead  
25 February 2022

# WH Smith 1955 Limited

## Statement of profit or loss and other comprehensive income For the Year ended 31 August 2021

	Note	2021 £'000	2020 £'000
<b>Operating loss</b>		(52)	(16)
Interest receivable and similar income	3	30	119
<b>(Loss) / profit before taxation</b>	4	<u>(22)</u>	<u>103</u>
Tax on (loss) / profit	5	4	(20)
<b>(Loss) / profit for the financial year</b>		<u>(18)</u>	<u>83</u>
Other comprehensive income for the year		-	-
<b>Total comprehensive (loss) / income for the year</b>		<u><u>(18)</u></u>	<u><u>83</u></u>

All results are derived from continuing operations.

# WH Smith 1955 Limited

## Balance sheet For the year ended 31 August 2021

	Note	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Investments	6	-	-
<b>Current assets</b>			
Trade and other receivables: amounts falling due within one year	7	91,394	91,412
<b>Current liabilities</b>			
Trade and other payables: amounts falling due within one year	8	(4,422)	(4,422)
<b>Net current assets</b>		<u>86,972</u>	<u>86,990</u>
<b>Total assets less current liabilities</b>		<u>86,972</u>	<u>86,990</u>
<b>Net assets</b>		<u>86,972</u>	<u>86,990</u>
<b>Equity</b>			
Called up share capital	9	180,016	180,016
Accumulated losses		(93,044)	(93,026)
<b>Total shareholders' funds</b>		<u>86,972</u>	<u>86,990</u>

The notes on pages 7 to 14 are an integral part of these financial statements.

For the year ending 31 August 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements of WH Smith 1955 Limited, registered number 549069, on pages 4 to 14 were approved by the Board of Directors and authorised for issue on 25 February 2022.

Signed on behalf of the Board of Directors



Robert J Moorhead  
Director

# WH Smith 1955 Limited

## Statement of changes in equity For the year ended 31 August 2021

	Called up share capital £'000	Accumulated losses £'000	Total shareholders' funds £'000
<b>Balance as at 1 September 2019</b>	<b>180,016</b>	<b>(93,109)</b>	<b>86,907</b>
Profit for the financial year	-	83	83
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>83</b>	<b>83</b>
<b>Balance as at 31 August 2020</b>	<b>180,016</b>	<b>(93,026)</b>	<b>86,990</b>
<b>Balance as at 1 September 2020</b>	<b>180,016</b>	<b>(93,026)</b>	<b>86,990</b>
Loss for the financial year	-	(18)	(18)
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(18)</b>	<b>(18)</b>
<b>Balance as at 31 August 2021</b>	<b>180,016</b>	<b>(93,044)</b>	<b>86,972</b>



# WH Smith 1955 Limited

## Notes to the financial statements Year ended 31 August 2021

### 1. Accounting policies

A summary of principal accounting policies is set out below.

#### General information

WH Smith 1955 Limited is a private company limited by shares and is incorporated and domiciled in the UK, and registered in England and Wales.

#### Accounting convention

The financial statements of WH Smith 1955 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 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 and under "new standards adopted in the year."

#### Basis of preparation

The financial statements are for the year ended 31 August 2021. The prior year financial statements are for the year ended 31 August 2020.

The Company is a wholly owned subsidiary of WH Smith Retail Holdings 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 accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 August 2021.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and certain related party transactions.

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 11.

#### Going concern

The directors are required to assess whether the Company can continue to operate for the 12 months from the date of approval of these financial statements, and to prepare the financial statements on a going concern basis.

The directors report that they have undertaken a rigorous assessment of current performance and cash flow forecasts, including expenditure commitments, capital expenditure and borrowing facilities. The Company has made a loss in the current year, however has net current assets and net assets. The Company is in receipt of a letter of support from its ultimate parent company, WH Smith PLC, to provide financial support for a period of no less than 12 months from the signing date of these 2021 financial statements. Based on this assessment the directors have concluded that the Company is able to adequately manage its financing and principal risks, and that the Company will be able to operate within the level of the Group's facilities and meet the required covenants for the period to February 2023.

# **WH Smith 1955 Limited**

## **Notes to the financial statements (continued) Year ended 31 August 2021**

### **1. Accounting policies (continued)**

#### **Going concern (continued)**

The Directors' report describes the Company's financial position, cash flows and borrowing facilities and also highlights the principal risks and uncertainties facing the Company. The WH Smith PLC Annual Report and Accounts 2021, which does not form part of this report, 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 2021 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).

In making the Group's going concern assessment, the directors have modelled a number of scenarios for the period to February 2023. The base case scenario is consistent with the Board approved 2022 Budget and the three year plan. Under this scenario the Group has significant liquidity and comfortably complies with all covenant tests to February 2023.

A severe but plausible scenario has also been modelled which assumes a further three-month lockdown over the period December 2021 to February 2022 across the Group, followed by a recovery which reflects the profile observed in the year ended 31 August 2021. The severe but plausible scenario does not assume any further government financial support despite the continuation of lockdowns. However, the severe but plausible scenario includes a number of mitigating actions including savings in store and head office payrolls and rent relief in Travel UK, to mitigate the impact of lockdown with lower sales.

In both the base case and severe but plausible scenarios the Group would continue to have sufficient liquidity headroom on its existing facilities, as described above. The covenants on the above facilities are tested half-yearly. The covenant tests at 31 August 2021, 28 February 2022 and 31 August 2022 are based on minimum liquidity and under the base case and severe but plausible scenarios the Group would meet these covenant tests. The covenant test as at 28 February 2023 is based on fixed charges cover and net borrowings. Under both the base case and the severe but plausible scenarios, the Group would meet these covenant tests. In addition, we have received excellent support from our banks who have granted covenant waivers throughout the pandemic.

As a result of the above analysis, the directors believe that the Company has sufficient financial resources to continue in operation and meet its obligations as they fall due for the 12 months from the date of approval of these financial statements. No changes in the Company's principle activities are foreseen.

#### **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:

- Amendments to references to Conceptual Framework in IFRS standards
- Amendments to IFRS 16 - Covid-19 related rent concessions
- Amendment to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform – Phase 1
- Amendments to IFRS 3 - Definition of a business
- Amendments to IAS 1 and IAS 8 - Definition of material

# **WH Smith 1955 Limited**

## **Notes to the financial statements (continued)** **Year ended 31 August 2021**

### **1. Accounting policies (continued)**

#### **Investments**

Investments in subsidiaries 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.

#### **Interest receivable**

Interest receivable is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### **Taxation**

The tax expense represents the sum of the tax currently payable. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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.

#### **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 statement of profit or loss and other comprehensive income when there is evidence that the asset is impaired.

##### **b) 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.

##### **c) Equity instruments**

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

#### **Foreign currencies**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Pounds Sterling (GBP), which is WH Smith 1955 Limited's functional and presentation currency.

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.

#### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of 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

# WH Smith 1955 Limited

## Notes to the financial statements (continued) Year ended 31 August 2021

### 1. Accounting policies (continued)

#### Financial risk management (continued)

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 2021, 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.

The Company has credit risk attributable to its trade and other receivables. The amounts included in the balance sheet are net of allowances for doubtful receivables. Allowances for doubtful debts are recognised based on management's expectation of losses, without regard to whether an impairment trigger has occurred or not (an 'expected credit loss' model under IFRS 9).

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.

### 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 judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and the disclosure of contingent assets and liabilities. 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 judgements are set out below:

#### a) Carrying value receivables at amortised cost

The Company reviews its receivables from Group undertakings in accordance with IFRS 9 'Financial Instruments' to assess if a provision for expected credit loss is required. This assessment involves judgement in assessing the capability of the counterparty to repay amounts owed to the Company and estimates in determining the future cash flows of the counterparty.

Following this review, the Company has concluded that it is appropriate not to provide for any expected credit losses on its receivables from other Group companies. This conclusion is based on the judgement that the Company and its counterparties could extinguish the receivable through a process where the Company declares and approves a dividend to its parent in the same amount of the receivable, creating a liability in the books of the Company. Following the approval of the dividend, the Company and its parent would agree to offset and net the receivable and payable balances resulting in no gain or loss to any entity in the Group.

This process is judged to be an appropriate recovery scenario as all actions involved in the settlement process are within the control of the Company and other Group companies, and could be accomplished in a short period of time.

# WH Smith 1955 Limited

## Notes to the financial statements (continued) Year ended 31 August 2021

### 3. Net finance income

	2021 £'000	2020 £'000
Investment income:		
Interest receivable from other group companies	30	119
Net finance income	<u>30</u>	<u>119</u>

### 4. (Loss) / profit before taxation

Foreign exchange losses in the year amounted to £52,000 (2020: losses of £16,000).

The Company has no employees (2020: none). The remuneration of R J Moorhead, C Cowling and I Houghton is paid by a fellow Group company and no allocation of their services, as directors of WH Smith 1955 Limited and other Group companies, is made. All of the directors serve as directors 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 the directors is made. The remuneration of R J Moorhead, C Cowling and I Houghton is disclosed in the financial statements of WH Smith Retail Holdings Limited. The remuneration of R J Moorhead and C Cowling is also included in the directors' emoluments disclosed in the consolidated financial statements of WH Smith PLC.

For the year ending 31 August 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies, and therefore no audit fees were incurred. Auditors' remuneration for the prior year ended 31 August 2020 was nil. There were no non-audit fees.

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

### 5. Tax on (loss) / profit

#### (a) Analysis of tax (credit) / expense for the year

Tax (credit) / expense included in profit or loss:

	2021 £'000	2020 £'000
Current tax:		
Current tax on (losses) / profits for the year	(4)	20
Tax on (loss) / profit	<u>(4)</u>	<u>20</u>

# WH Smith 1955 Limited

## Notes to the financial statements (continued) Year ended 31 August 2021

### 5. Tax on (loss) / profit (continued)

#### (b) Reconciliation of the tax (credit) / charge

	2021 £'000	2020 £'000
(Loss) / profit before taxation	(22)	103
Tax on (loss) / profit before taxation at UK rate of corporation tax of 19.00% (2020: 19.00%)	(4)	20
<b>Total tax (credit) / charge</b>	<b>(4)</b>	<b>20</b>

The UK corporation tax rate is 19 per cent effective from 1 April 2017. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25 per cent. This new law was substantively enacted on 24 May 2021, and the main impact of this change is zero for WH Smith 1955 Limited.

### 6. Investments

	£'000
<b>Cost</b>	
At 1 September 2020 and 31 August 2021	4,422
<b>Provision for impairment</b>	
At 1 September 2020 and 31 August 2021	(4,422)
<b>Net book value</b>	
At 31 August 2020 and 31 August 2021	-

The directors believe that the carrying value of the investments is supported by their underlying net assets.

At 31 August 2021 the Company owned the issued equity share capital of the following companies.

Subsidiaries	Nature of business	Class of share	Percentage owned %	Country of incorporation	Registered address
The Websters Group Limited	Dormant	Ordinary	100	Great Britain	Greenbridge Road, Swindon, Wiltshire, SN3 3RX

In the opinion of the directors, the value of the Company's investments in the subsidiaries is not less than the amount at which they are stated in the balance sheet.

# WH Smith 1955 Limited

## Notes to the financial statements (continued) Year ended 31 August 2021

### 7. Trade and other receivables: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed by other group undertakings	91,385	91,412
Corporation tax receivable	9	-
	<b>91,394</b>	<b>91,412</b>

Included within amounts owed by other group undertakings are loan notes totalling £17,857,625 (2020: £17,857,625) which bear interest at GBP 6 month LIBOR, and a loan note of €1,301,589 (2020: €1,301,589) with a carrying value of £1,162,825 (2020: £1,162,825) which bears interest at EURIBOR plus 1 per cent. The loan has been translated into sterling using the closing rate at the balance sheet date, with gains/losses recognised in the Statement of profit or loss and other comprehensive income. The loan notes have no fixed date for repayment. All other amounts owed by other group undertakings are non-interest bearing and repayable on demand.

### 8. Trade and other payables: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed to other group undertakings	4,422	4,422
	<b>4,422</b>	<b>4,422</b>

### 9. Called up share capital

	2021		2020	
	Number of shares '000	Nominal value £000	Number of shares '000	Nominal value £000
<b>Allotted and fully paid</b>				
Ordinary shares of £1 each	180,016	180,016	180,016	180,016
	<b>180,016</b>	<b>180,016</b>	<b>180,016</b>	<b>180,016</b>

### 10. 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.

## **WH Smith 1955 Limited**

### **Notes to the financial statements (continued) Year ended 31 August 2021**

#### **11. Ultimate parent company**

The ultimate parent company and controlling party is WH Smith PLC, a company incorporated in the United Kingdom 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 Retail Holdings Limited, which is incorporated in the United Kingdom 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