

# **Waterstones Overseas Limited**

## **Report and Accounts**

**52 weeks ended 29 April 2017**

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**WATERSTONES OVERSEAS LIMITED****REPORT AND ACCOUNTS 2017****Company Number 02133199**

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**COMPANY INFORMATION****DIRECTORS**

A J Daunt  
J Molloy  
R D J Manning

**SECRETARY**

R D J Manning

**REGISTERED OFFICE**

203-206 Piccadilly  
London  
W1J 9HD

**COMPANY NUMBER**

02133199

**AUDITORS**

Ernst & Young LLP  
1 Colmore Square  
Birmingham  
B4 6HQ

## **DIRECTORS' REPORT**

The Directors submit their report and audited financial statements for the 52 weeks ended 29 April 2017, which were approved on behalf of the Board on 25 July 2017.

### **Review of the business**

At the close of business on 26 April 2008 the Company disposed of the trade and certain net assets of its bookstores to its immediate parent company, Waterstones Booksellers Limited. Since this disposal, the Company's activities have been limited to transactions with other members of the group headed by Waterstones Holdings Limited, the ultimate UK parent undertaking. No activity is expected in the foreseeable future.

The Company did not trade during the period and no profit or loss was recorded (2016: £nil). The Directors do not recommend that a dividend be declared for the period under review (2016: £nil).

### **Directors**

The names of the Directors who served throughout the period under review and up to and including the date of this Report are shown on page 1.

### **Strategic report**

The Directors have taken advantage of the small companies' exemption and have not prepared a Strategic Report.

### **Auditors**

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.


A statement of the Directors' responsibilities for the financial statements can be found on page 3, which is deemed to be incorporated by reference in (and shall be deemed to form part of) this report.

Elective resolutions to dispense with holding annual general meetings and the laying of accounts before the Company in a general meeting are currently in force. Ernst & Young LLP are therefore deemed to continue as auditors of the Company.

### **Going concern**

The Directors report that, having reviewed current performance and forecasts, they have a reasonable expectation that the Company has adequate resources and access to funding, through the continuing support of the ultimate European parent undertaking, Lynwood Investments CY Limited and A L Mamut, a director of the ultimate UK parent undertaking, Waterstones Holdings Limited, to continue in operational existence for the foreseeable future. On this basis, they continue to adopt the going concern basis in preparing the financial statements.

By order of the Board



**A J Daunt**  
Director  
25 July 2017

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Report and Accounts in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare financial statements under International Financial Reporting Standards as adopted by the European Union (IFRS).

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 the financial performance and the cash flows of the Company for that period. In preparing those financial statements, the Directors are required to:

- (i) select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Estimates and then apply them consistently;
- (ii) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- (iii) provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- (iv) state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- (v) make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping proper accounting records which 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 as well as Article 4 of the IAS Regulation. 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.

We confirm that, to the best of our knowledge:

- (i) the financial statements, prepared in accordance with IFRS, present fairly the assets, liabilities, financial position and result of the Company; and
- (ii) the Directors' Report includes a fair review of the position of the Company.

On behalf of the Board



**A J Daunt**  
Director  
25 July 2017



**J Molloy**  
Director  
25 July 2017

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATERSTONES OVERSEAS LIMITED**

We have audited the Report and Accounts of Waterstones Overseas Limited for the 52 weeks ended 29 April 2017, which comprise the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 Report and Accounts 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 29 April 2017;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Directors' Report has been prepared in accordance with applicable legal requirements.

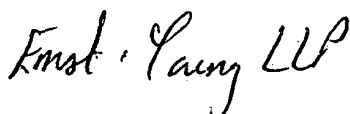
## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATERSTONES OVERSEAS LIMITED (CONTINUED)**

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

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.

Handwritten signature of Nigel Meredith in black ink, reading "Ernst & Young LLP".

Nigel Meredith (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham  
Date: 27 July 2017

**WATERSTONES OVERSEAS LIMITED**  
Company Number 02133199

**REPORT AND ACCOUNTS 2017**

**BALANCE SHEET**

	Notes	As at 29 April 2017 £000	As at 30 April 2016 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	5	200	200
		<b>200</b>	<b>200</b>
<b>Current assets</b>			
Trade and other receivables	6	11,133	11,133
		<b>11,133</b>	<b>11,133</b>
<b>Total assets</b>		<b>11,333</b>	<b>11,333</b>
<b>Net assets</b>		<b>11,333</b>	<b>11,333</b>
<b>Equity</b>			
Share capital	7	1,105	1,105
Share premium	8	9,213	9,213
Capital redemption reserve	8	512	512
Retained earnings	8	503	503
<b>Total equity</b>		<b>11,333</b>	<b>11,333</b>

The financial statements were approved by the Board of Directors on 25 July 2017 and were signed on its behalf by:



**A J Daunt**  
Director



**J Molloy**  
Director

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Authorisation of financial statements and statement of compliance with IFRS**

The financial statements of Waterstones Overseas Limited for the 52 weeks ended 29 April 2017 were authorised for issue by the Board on 25 July 2017. The Company is a limited company incorporated and domiciled in England and Wales.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the provisions of the Companies Act 2006.

**2. Accounting policies**

**Basis of preparation**

These financial statements are made up to the Saturday on or immediately preceding 30 April each year. Consequently, the financial statements for the current period cover the 52 weeks ended 29 April 2017, whilst the comparative period covered the 53 weeks ended 30 April 2016. The financial statements are prepared in accordance with applicable accounting standards and specifically in accordance with the accounting policies set out below.

The Company did not trade in the period under review or in the prior period and therefore no income statement is presented. The financial statements are presented in Pounds Sterling and are rounded to the nearest thousand except where otherwise indicated. They are prepared on the historical cost basis.

The Company is exempt from preparing group financial statements as it is itself a subsidiary undertaking under Section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

**Cash flow statement**

Under IFRS, the Company is required to prepare a cash flow statement showing the movements in cash and cash equivalents. However, as the Company did not trade, no movement in cash and cash equivalents occurred and therefore a cash flow statement is not presented.

**Investments in subsidiaries**

Investments in subsidiaries are recognised at cost less impairments booked. Income is recognised from these investments when the right to receive the distribution is established.

**Judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date. The nature of estimation means that actual outcomes could differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and impairment of investments in subsidiary undertakings, see Note 5, and the recoverability of trade and other receivables, see Note 6.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. Accounting policies (continued)**

**Taxation**

*Current tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside of the income statement is recognised outside of the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. Accounting policies (continued)**

**New accounting standards**

The Company has adopted the following amended accounting standards which were mandatory for the first time for the financial period ending 29 April 2017. They have no material impact on the Company.

- IFRS 7 Financial instruments: Amendments resulting from September 2014 Annual Improvements to IFRSs;
- IFRS 10 Consolidated financial statements: Amendments regarding the application of the consolidation exception;
- IAS 1 Presentation of financial statements: Amendments resulting from the disclosure initiative; and
- IAS 27 Separate financial statements: Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

The Company has not adopted early the requirements of the following accounting standards and interpretations, which have an effective date after the start date of these financial statements:

- IFRS 9 Financial instruments: Original issue, effective for annual periods beginning on or after 1 January 2018;
- IAS 12 Income Taxes: Amendments regarding the recognition of deferred tax assets for unrealised losses, effective for annual periods beginning on or after 1 January 2017; and
- IFRIC 23 — Uncertainty over Income Tax Treatments, effective for annual periods beginning on or after 1 January 2019.

The Company intends to adopt these standards when they become effective.

As the Company prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU endorsement mechanism.

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements.

**3. Fees to auditors**

The audit fee of £500 has been borne by another Group company (2016: £500).

**4. Director's emoluments**

The Directors of the Company are remunerated by other companies within the group headed by the ultimate UK parent undertaking, Waterstones Holdings Limited. The Directors consider that the limited proportion of their time spent on the Company's business does not warrant a recharge of director's remuneration, and therefore no remuneration is included above.

**5. Investments in subsidiaries**

	£000
<b>At 29 April 2017 and 30 April 2016</b>	<b>200</b>

The Company's subsidiary undertakings, which are 100% owned, are as follows:

<b>Name of undertaking</b>	<b>Country of incorporation</b>	<b>Status</b>
Ottakar's Limited	England & Wales	Dormant
Ottakar's Town Limited	England & Wales	Dormant

The registered address of both companies is 203-206 Piccadilly, London, W1J 9HD

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. Trade and other receivables**

	2017	2016
	£000	£000
Current:		
Amounts owed by immediate parent undertaking	11,133	11,133

The carrying value of trade and other receivables approximates to fair value.

Included in amounts owed by immediate parent undertaking is a balance of £688,000 (2016: £688,000) relating to historic intercompany trading on which no interest is charged. The balance relates to a loan with the immediate parent undertaking, on which no interest is charged and which is repayable on demand.

**7. Share capital**

	2017	2016	2017	2016
	Number	Number	£000	£000
<b>Authorised</b>				
Ordinary Shares of 5p each	65,900,000	65,900,000	3,295	3,295
<b>Allotted, called up and fully paid</b>				
Ordinary Shares of 5p each	22,107,790	22,107,790	1,105	1,105

The Company has one class of share capital, namely 5p ordinary shares, of which there are 22,107,790 allotted, all fully paid. There are no special rights or preferences attaching to the shares, and there are no restrictions on the distribution of dividends and the repayment of capital.

**8. Reserves**

**Share premium**

There has been no movement in share premium during the year.

**Capital redemption reserve**

The capital redemption reserve arose on cancellation of 2,047,304 deferred shares of 25p each, less £12 paid in consideration for these shares in prior periods. There has been no movement in the capital redemption reserve during the year.

**Retained earnings**

There has been no movement in retained earnings during the year.

**9. Contingent liabilities**

The Board of Directors of Waterstones Overseas Limited are not aware of any legal or arbitration proceedings pending or threatened against the Company which may result in any liabilities significantly in excess of provisions in the financial statements.

**10. Related party transactions**

During the period the Company did not enter into any transactions with related parties. Balances outstanding at the end of the period, which are repayable on demand, are as follows:

	Amounts owed by related party	Amounts owed to related party
	£000	£000
<b>2017 – with immediate parent undertaking</b>	11,133	-
<b>2016 – with immediate parent undertaking</b>	11,133	-

The immediate parent undertaking of the Company is Waterstones Booksellers Limited.

Included in amounts owed by immediate parent undertaking is a balance of £688,000 (2016: £688,000) relating to historic intercompany trading on which no interest is charged. The balance of £10,445,000 (2016: £10,445,000) relates to a loan, on which no interest is charged and which is repayable on demand.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10. Related party transactions (continued)**

**Remuneration of key management personnel**

In the 52 weeks ended 29 April 2017, the personnel with responsibility for managing the Company were employed and paid by other group companies, and their remuneration is disclosed in the accounts of those companies.

**11. Ultimate parent undertaking**

The immediate parent undertaking is Waterstones Booksellers Ltd.

The ultimate UK parent undertaking of the Company is Waterstones Holdings Limited.

The ultimate parent company is Alpha Global (PTC) Limited, registered in the British Virgin Islands, formerly known as Alpha Trustees Limited, formerly registered in Nevis. The ultimate beneficial owner of the Company is Nicolay Mamut who is currently the sole beneficiary of the trust held by Alpha Global (PTC) Limited.

The largest and smallest group, including the Company, for which consolidated accounts are prepared is that headed by Waterstones Holdings Limited. Copies of these financial statements can be obtained from the Company Secretary, 203-206 Piccadilly, London, W1J 9HD.