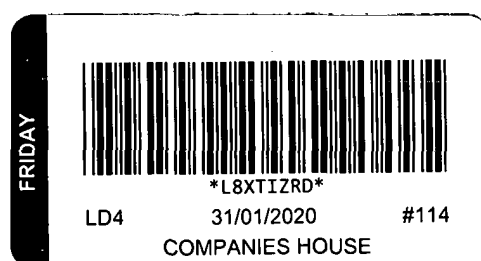


Waterstones Overseas Limited

Financial Statements

52 weeks ended 27 April 2019



COMPANY INFORMATION

DIRECTORS

A J Daunt
J Molloy
A Collins (appointed 14 November 2018)

SECRETARY

A Campbell

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 27 April 2019, which were approved on behalf of the Board on 27 January 2020.

Review of the business

The Company is part of the Waterstones group of companies ("Waterstones") which operates as a bookseller through a chain of bookshops in the United Kingdom, Ireland, Holland and Belgium, and through the Waterstones.com e-commerce website.

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 its group. No activity is expected in the foreseeable future.

The Company did not trade during the period and no profit or loss was recorded (2018: £nil). The Directors do not recommend that a dividend be declared for the period under review (2018: £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.

Subsequent events

There have been no subsequent events in the period from 27 April 2019 to the date of signing the accounts.

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 the Company's balance sheet and considering that no trading activity is expected in the foreseeable future and as the Company has the support of Waterstones Booksellers Limited, its parent company, they have a reasonable expectation that the Company has adequate resources to continue to adopt the going concern basis in preparing the financial statements.

By order of the Board



A J Daunt
Director

27 January 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Financial Statements 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
27 January 2020



J Molloy
Director
27 January 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATERSTONES OVERSEAS LIMITED

Opinion

We have audited the financial statements of Waterstones Overseas Limited for the year ended 27 April 2019 which comprise the Balance Sheet and the related notes 1 to 11, including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- ▶ give a true and fair view of the Company's affairs as at 27 April 2019;
- ▶ 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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; and
- ▶ 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 the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, 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.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

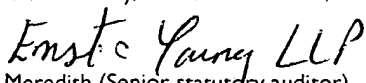
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' report.

Use of our report

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.


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

Date: 30 January 2020

BALANCE SHEET

		As at 27 April 2019 £000	As at 28 April 2018 £000
	Notes		
Assets			
Non-current assets			
Investments in subsidiaries	5	200	200
		200	200
Current assets			
Amounts due from group undertakings	6	11,133	11,133
		11,133	11,133
Total assets		11,333	11,333
Net assets		11,333	11,333
Equity			
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
Total equity		11,333	11,333

The financial statements were approved by the Board of Directors on 27 January 2020 and were signed on its behalf by:


A J Daunt
Director


J Molloy
Director

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 27 April 2019 were authorised for issue by the Board on 21 January 2020. The Company is a limited company incorporated 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 27 April 2019, whilst the comparative period covered the 52 weeks ended 28 April 2018. 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 Directors report that, having reviewed the Company's balance sheet and considering that no trading activity is expected in the foreseeable future and as the Company has the support of Waterstones Booksellers Limited, its parent company, they have a reasonable expectation that the Company has adequate resources to continue to adopt the going concern basis in preparing the financial statements.

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 amounts due from group undertakings, see Note 6.

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 27 April 2019. They have no material impact on the Company.

- IFRS 7 Financial instruments: Disclosures: Additional hedge accounting disclosures (and consequential amendments resulting from the introduction of the hedge accounting chapter in IFRS 9), effective when IFRS 9 is applied;
- IFRS 9 Financial instruments: Finalised issue, effective for annual periods beginning on or after 1 January 2018;
- IFRS 15 Revenue from contracts with customers: Original issue and Clarifications to IFRS 15, both effective for annual periods beginning on or after 1 January 2018;
- IAS 39 Financial instruments: Recognition and measurement: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets and financial liabilities when IFRS 9 is applied and to extend the fair value option to certain contracts that meet the 'own use' scope exception, effective when IFRS 9 is applied; and
- IFRIC 22 — Foreign currency transactions and advance consideration, effective for annual periods beginning on or after 1 January 2018.

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: Amendments regarding prepayment features with negative compensation and modifications of financial liabilities, effective for annual periods beginning on or after 1 January 2019;
- IFRS 16 Leases: Original issue, effective for annual periods beginning on or after 1 January 2019;
- IAS 8 Accounting policies, changes in accounting estimates and errors: Amendments regarding the definition of material, effective for annual periods beginning on or after 1 January 2020;
- IAS 12 Income taxes: Amendments resulting from Annual Improvements 2015-2017 Cycle (income tax consequences of dividends), effective for annual periods beginning on or after 1 January 2019;
- IAS 19 Employee benefits: Amendments regarding plan amendments, curtailments or settlements, effective for annual periods beginning on or after 1 January 2019;
- IAS 23 Borrowing costs: Amendments resulting from Annual Improvements 2015-2017 Cycle (borrowing costs eligible for capitalisation), effective for annual periods beginning on or after 1 January 2019; 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 (2018: £500).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Directors' emoluments

The Directors of the Company are remunerated by the immediate parent undertaking of the Company, Waterstones Booksellers Limited. The Directors consider that the limited proportion of their time spent on the Company's business does not warrant a recharge of remuneration.

5. Investments in subsidiaries

	£000
At 27 April 2019 and 28 April 2018	200

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

Name of undertaking	Country of incorporation	Status
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.

6. Amounts due from group undertakings

	2019 £000	2018 £000
Current:		
Amounts owed by immediate parent undertaking	11,133	11,133

Included in amounts owed by immediate parent undertaking is a balance of £688,000 (2018: £688,000) relating to historic intercompany trading on which no interest is charged. The balance of £10,445,000 (2018: £10,445,000) relates to a loan to the immediate parent undertaking on which no interest is charged and which is repayable on demand.

7. Share capital

	2019 Number	2018 Number	2019 £000	2018 £000
Authorised				
Ordinary Shares of 5p each	65,900,000	65,900,000	3,295	3,295
Allotted, called up and fully paid				
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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 period.

Retained earnings

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

9. Contingent liabilities

The Board of Directors of Waterstones Overseas Limited is 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 £000	Amounts owed to related party £000
2019 – with immediate parent undertaking	11,133	-
2018 – with immediate parent undertaking	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 (2018: £688,000) relating to historic intercompany trading on which no interest is charged. The balance of £10,445,000 (2018: £10,445,000) relates to a loan to the immediate parent undertaking on which no interest is charged and which is repayable on demand.

Remuneration of key management personnel

In the 52 weeks ended 27 April 2019, the key management personnel with responsibility for managing the Company were employed and paid by other group companies. The key management personnel consider that the limited proportion of their time spent on the Company's business does not warrant a recharge of remuneration, and therefore no remuneration was recharged.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Ultimate parent undertaking

During the prior period, the ultimate UK parent undertaking, Lynwood Retail UK Limited, undertook an exercise to sell a majority equity stake in Waterstones. The sale completed during the period under review on 1 June 2018 and control of the Company passed to the new owner on this date.

Following sale completion there was no change to the Company's next senior holding company, Waterstones Booksellers Limited, but the ultimate parent company became Book Retail Investco Limited (incorporated in Jersey). Book Retail Investco Limited is wholly owned and controlled by the Elliott funds. The Elliott funds receive investment advice, directly and indirectly, from their investment adviser Elliott Management Corporation, incorporated in Delaware, U.S.A., and its affiliates.

For the period before sale completion, the largest and smallest group, including the Company, for which consolidated accounts are prepared is that headed by Lynwood Retail UK Limited. Copies of these financial statements can be obtained from the Company Secretary, 4 Hill Street, London, England, W1J 5NE.

Following sale completion, the largest group, including the Company, for which consolidated accounts are prepared is that headed by Book Retail Midco Limited, the smallest group is that headed by Book Retail Bidco Limited. Copies of both of these financial statements can be obtained from the Company Secretary, 203-206 Piccadilly, London, W1J 9HD.