

Company Registration No. 04236079

SMITHS NEWS HOLDINGS LIMITED
FOR THE YEAR ENDED 31 AUGUST 2011
REPORT AND FINANCIAL STATEMENTS

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SMITHS NEWS HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS 2011

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SMITHS NEWS HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

M R Cashmore

N J Gresham

M H Charlton (resigned 31 August 2011)

J M Bunting

SECRETARY

M H Charlton (resigned 31 August 2011)

S Marriner (appointed 1 September 2011)

REGISTERED OFFICE

Wakefield House

Pipers Way

Swindon

Wiltshire

SN3 1RF

COMPANY NUMBER

04236079 (England and Wales)

AUDITORS

Deloitte LLP

Reading, United Kingdom

SMITHS NEWS HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report to shareholders together with the audited financial statements for the year ended 31 August 2011

PRINCIPAL ACTIVITIES

Smiths News Holdings Limited ('the Company') is a holding company for a group of companies. The Company will not trade in the foreseeable future but will continue to hold certain investments in subsidiary undertakings.

PRINCIPAL RISKS AND UNCERTAINTIES

Market risk

The principal risk and uncertainty of the Company concerns exposure to fluctuations in interest rates on the Company's floating rate loans with other Group companies. The Company does not undertake to manage interest rate exposure on loans within the Group.

Investment risk

The Company acts as a holding company of investments for which there are risks and uncertainties which may affect the underlying performance of these subsidiary companies. The directors address investment risk by ensuring that the Companies subsidiaries have sufficient resources from within the Group to meet business requirements.

Group risks are discussed in further detail in the Annual Report of Smiths News PLC, which does not form part of this report.

RESULTS

The loss for the year, which is stated on a historical costs basis, is £12.1m (2010: £6.2m). On 23 August 2011 the Company acquired Dawson Holdings PLC and its subsidiaries.

DIVIDENDS

No dividend was paid during the year (2010: £nil).

DIRECTORS

The names of the present directors of the Company are shown on page 1. M. H. Charlton resigned from the board on 31 August 2011.

DIRECTORS INDEMNITIES

The Company maintains liability insurance for its directors, with a cover limit for each claim or series of claims against them in that capacity. The directors have also been granted a qualifying third party provision under section 234 of the Companies Act 2006.

CHARITABLE AND POLITICAL DONATIONS

During this and the preceding year the Company made no political or charitable donations.

GOING CONCERN

The Company has net current liabilities of £127.1m (2010: £97.5m). However, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future due to the continuation of committed support. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

SMITHS NEWS HOLDINGS 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 are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order 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 section 418 of the Companies Act 2006

Deloitte LLP will continue in office as auditors to the Company

This report was approved by the Board on 30 March 2012

By Order of the Board

A handwritten signature in black ink, appearing to read 'Nick Gresham', followed by a period.

NJ Gresham
Director

SMITHS NEWS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITHS NEWS HOLDINGS LIMITED

We have audited the financial statements of Smiths News Holdings Limited for the year ended 31 August 2011 which comprise the Profit and Loss Account, 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 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. 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 2011 and of its loss 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 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.



Andrew Bond ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
30 March 2012

SMITHS NEWS HOLDINGS LIMITED

PROFIT & LOSS ACCOUNT

For the year ended 31 August 2011

	Note	2011 £m	2010 £m
Income from fixed asset investments		-	-
Operating profit		-	-
Administrative expenses - acquisition costs	5	(1 7)	-
Net finance charges	3	(10 4)	(6 2)
Loss on ordinary activities before taxation		(12 1)	(6 2)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation		(12 1)	(6 2)

All activities in the profit and loss account relate to continuing operations

There are no recognised gains and losses in the current or prior year other than as stated in the profit and loss account, and accordingly a Statement of Total Recognised Gains and Losses has not been presented

SMITHS NEWS HOLDINGS LIMITED

BALANCE SHEET

As at 31 August 2011

	Note	2011 £m	2010 £m
Fixed assets			
Investments	5	620.5	603.0
Debtors			
- due after one year	6	388.4	405.9
Creditors: amounts falling due within one year			
Amounts owed to group undertakings	7	(515.5)	(503.4)
Net current liabilities		(515.5)	(503.4)
Net assets		493.4	505.5
Capital and reserves			
Called up share capital	8	504.8	504.8
Profit and loss account	9	(11.4)	0.7
Shareholder's funds	9	493.4	505.5

These financial statements were approved by the Board of Directors of Smiths News Holdings Limited, company number 04236079, on 30 March 2012

Signed on behalf of the Board of Directors



N J Gresham
Director

SMITHS NEWS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared in compliance with the Companies Act 2006 and in accordance with applicable United Kingdom law and accounting standards, which have been applied consistently throughout the current and prior periods. The financial statements are prepared under the historical cost convention.

Going concern

The Company has net current liabilities of £127.1m (2010: £97.5m). However, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

The Company wholly owns the subsidiary Smiths News Trading Limited, a profitable and cash generative company which has long term contracts that are forecast to be profitable. Smiths News Trading Limited has the same board of directors as Smiths News Holdings Limited and it is management's intention that Smiths News Trading will continue to pay dividends to support the Smiths News Holdings Limited. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

Basis of preparation

These financial statements present information for the Company as an individual undertaking and not as a group. Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of Smiths News PLC, a company incorporated in England and Wales.

In accordance with FRS 1 (Revised), a statement of cash flows has not been prepared, as cash flow information has been shown in the financial statements of the ultimate parent company.

Investment in subsidiary undertakings

Investments in equity and long term loans in subsidiary undertakings are individually valued at historical cost less provision for impairments in value.

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.

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.

2. DIRECTORS' EMOLUMENTS AND AUDIT FEES

No director received remuneration as director of Smiths News Holdings Limited in either the current or prior years. Smiths News Trading Limited pays directors' remuneration, none is attributable to their work for Smiths News Holdings Limited.

The Company has no employees in the current or prior year. The remuneration of the auditors of £2,500 (2010: £2,500) has been borne by Smiths News Trading Limited during the current and prior year.

SMITHS NEWS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

3. NET FINANCE CHARGES

	2011 £m	2010 £m
Interest payable to Group undertakings	(10.4)	(6.2)

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	2011 £m	2010 £m
UK Corporation Tax		
Total tax	-	-
Reconciliation of current tax		
Loss on ordinary activities before taxation	(12.1)	(6.2)
Tax credit at UK standard rate of corporation tax -27% (2010 28%)	(3.3)	(1.7)
Imputed interest on loans to group undertakings	3.0	2.7
Expenses not deductible for tax purposes	0.5	-
Group relief claimed for nil consideration	(0.2)	(1.0)
	-	-

5. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2011 £m	2010 £m
At cost		
At 1 September 2010	1,283.0	1,283.0
Additions	17.5	-
At 31 August 2011	1,300.5	1,283.0
Provisions for impairment		
At 1 September 2010 and at 31 August 2011	(680.0)	(680.0)
At 31 August 2011	(680.0)	(680.0)
Net Book Value	620.5	603.0

The Company owns the whole of the issued share capital of the following companies, all of which are domiciled in England

SMITHS NEWS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

5. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiaries	Nature of	Class of Share	Holding
Smiths News Trading Limited	Distribution	Ordinary	100%
Smiths News Trading Limited	Distribution	Deferred	100%
Smiths News Investments Limited	Holding	Ordinary	100%
Dawson Holdings Limited	Holding	Ordinary	100%
Betram Trading Limited	Distribution	Ordinary	100%
Dawson Books Limited	Distribution	Ordinary	100%
Dawson Espa A Agenciade Ediciones	Distribution	Ordinary	100%
Dawson France SAS	Distribution	Ordinary	100%
Dawson Marketing Services Limited	Distribution	Ordinary	100%
Dawson Media Direct Ltd Limited	Distribution	Ordinary	100%
Dawson Media Direct Gmbh	Distribution	Ordinary	100%
Dawson Media Direct Inc	Distribution	Ordinary	100%
Dawson Media Direct NV	Distribution	Ordinary	100%
Dawson Media Direct SAS	Distribution	Ordinary	100%
Marketlink Marketing Communications Limited	Distribution	Ordinary	100%

On 23 August 2011 the company acquired the share capital of Dawson Holdings Plc, the cost of acquisition was £20.6m

All investments are held indirectly except for those in Smiths News Trading Limited, Smiths News Investments Limited and Dawson Holdings Limited

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

6. DEBTORS

	2011 £m	2010 £m
Amounts falling due after more than one year		
Amounts owed by Group companies	388.4	405.9

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £m	2010 £m
Amounts owed to Group companies	515.5	503.4

SMITHS NEWS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

8. CALLED UP SHARE CAPITAL

	2011 Number of shares	2011 Nominal value £	2010 Number of shares	2010 Nominal value £
Authorised				
Ordinary shares of £1 each	721,773,517	721,773,517	721,773,517	721,773,517
Allotted, called up and fully paid				
Ordinary shares of £1 each	504,773,520	504,773,520	504,773,520	504,773,520

The concept of authorised share capital was repealed by the companies act 2006 with effect from 1 October 2009, and on 31 August 2010, the Company passed written Resolutions dis-applying the existing provisions of its Memorandum of Association from applying to its Articles of Association

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS AND STATEMENT OF MOVEMENTS IN RESERVES

	Share capital £m	Profit and loss account £m	Total 2011 £m	Total 2010 £m
Balance at 1 September	504.8	0.7	505.5	511.7
Loss for the financial year	-	(12.1)	(12.1)	(6.2)
Balance at 31 August	504.8	(11.4)	493.4	505.5

10. 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 Smiths News Group companies, who are related parties

11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate and ultimate parent and controlling company is Smiths News PLC, a company incorporated in Great Britain. This is the smallest and largest group including the company for which consolidated financial statements are prepared. Copies of the Group financial statements are available from

The Company Secretary
Smiths News PLC
Wakefield House
Pipers Way
Swindon
SN3 1RF