

**Company Registration No. 471941**

**WH Smith Retail Holdings Limited**

**Annual Report and Financial Statements**

**31 August 2024**



# **WH Smith Retail Holdings Limited**

## **Annual report and financial statements 31 August 2024**

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# **WH Smith Retail Holdings Limited**

## **Annual report and financial statements 31 August 2024**

### **Officers and professional advisers**

#### **Directors**

C Cowling  
R J Moorhead – resigned 19 November 2024  
I Houghton  
MLJ Izzard – appointed 19 November 2024

#### **Company Secretary**

I Houghton

#### **Registered Office**

Greenbridge Road  
Swindon  
Wiltshire  
SN3 3RX

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory  
Auditors  
1 Embankment Place,  
London  
WC2N 6RH  
United Kingdom

# WH Smith Retail Holdings Limited

## Directors' report

The directors present their annual report to shareholders together with the audited financial statements for the year ended 31 August 2024.

### Directors

The Directors of the Company who were in office during the year and up to the date of signing of the financial statements 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.

### Share capital

During the year, the directors of WH Smith PLC group of companies (the "Group") undertook a reorganisation of the Group's legal entity ownership structure. This reorganisation resulted in changes to the Company's capital structure as outlined below.

On 16 May 2024, the directors of the Company approved a bonus issue of 1,573,714,285 ordinary shares of 2<sup>13</sup>/<sub>81</sub>p each to its parent at that date, WH Smith PLC. The issue of shares was satisfied out of an existing merger reserve of £34,000,000. Following the bonus issue of shares, the total number of ordinary shares in issue was 23,915,435,974 shares.

On 16 May 2024, the directors of the Company approved a capital reduction resulting in the cancellation of 23,915,435,973 ordinary shares of 2<sup>13</sup>/<sub>81</sub>p per share. Following the capital reduction, the remaining issued share capital of the Company was 1 ordinary share of 2<sup>13</sup>/<sub>81</sub>p and 1 deferred share of 2<sup>13</sup>/<sub>81</sub>p per share.

The capital reduction reduced the carrying value of share capital by £516,692,000, share premium by £22,474,454 and capital redemption reserve by £371,423,000, and increased retained earnings by £910,589,000.

### Parent company

On 1 June 2024, as part of the aforementioned legal entity reorganisation of the Group, the Company's former parent, WH Smith PLC, disposed of 100 per cent of its interest in the Company to another Group company, WH Smith Group Limited (formerly Acraman (678) Limited) via a share for share exchange. On the same date WH Smith Group Limited (formerly Acraman (678) Limited) disposed of 100 per cent of its interest in the Company to another Group company, WH Smith HS Limited (formerly Acraman (679) Limited) also via a share for share exchange.

### Results and dividends

As shown in the Company's statement of profit and loss on page 12, the Company's profit for the financial year to 31 August 2024 was £185,657,000 (2023: loss of £97,641,000). The Strategic report on pages 5 to 8 provides further analysis of the results for the year, including the reconciliation to Headline operating profit and explanations of non-underlying items.

The Company did not pay any dividends in the year (2023: £nil). The directors do not recommend the payment of a final dividend.

During the year, the Company received dividends of £421,926,000 from subsidiary undertakings (2023: £nil).

### Disposal of investments in subsidiaries and other assets

As part of the aforementioned legal entity reorganisation of the Group, on 1 June 2024 the Company transferred 100 per cent of its interest in WH Smith Travel Holdings Limited, WH Smith US Group Holdings Limited, WH Smith (Global Sourcing) Limited (formerly WH Smith Asia Limited), WH Smith Retirement Savings Plan Limited and WH Smith 1955 Limited, to WH Smith Group Limited (formerly Acraman (678) Limited), another Group company, for a total consideration of £1,698,478,000. See Note 12 for further details.

In addition the Company transferred intellectual property and trademarks relating to the WH Smith brand to another Group company, WH Smith Group Limited (formerly Acraman (678) Limited), for consideration of £417,000,000.

Other assets and liabilities were also transferred to WH Smith Group Limited (formerly Acraman (678) Limited), primarily comprising finance leased assets for consideration of £306,000.

# WH Smith Retail Holdings Limited

## Directors' report (continued)

### Future developments and events after the balance sheet date

Details on events after the balance sheet date Company are given in the Strategic report on pages 6 and in Note 20 to the financial statements. Future developments of the Company are given in the Strategic report on pages 5 to 8.

### Going concern and financial risk management

Disclosures in respect of financial risk management are given in the Strategic report on page 7. Disclosures in respect of going concern are given in Note 1 to the financial statements and in the Strategic report on page 8.

### Equal Opportunities

The Company gives full and fair consideration to applications for employment when these are received from disabled people. Training, career development and promotion opportunities are equally applied for all our employees, regardless of disability.

### Employee engagement

Effective colleague engagement and an open, inclusive culture are essential to creating an environment for our teams to deliver for our customers. Executive and senior management brief our support centre teams on a monthly basis to provide updates on the Group's strategy and the latest operational developments, and answer any questions. We have a number of other communication channels that are used for engaging colleagues across the business, including feedback forums with senior management and various network committees with executive sponsors.

To help us to understand more about how our colleagues feel about working for WHSmith, we use a third-party research organisation to carry out our annual engagement survey. The results of the survey are used each year to create an action plan to improve the working environment in support centres and stores; improve dialogue and engagement; and build collaboration across our teams.

Continuing to improve the culture of the business is important to the long-term success of the Group and our target to improve employee engagement by 2025 is one of the performance measures in senior management incentive plans.

### Streamlined Energy & Carbon Reporting ('SECR')

The Company is exempt from providing information in relation to its energy and carbon emissions as it is included in the disclosures on pages 40 to 52 of the WH Smith PLC Annual Report and Accounts 2024.

### Stakeholder engagement

The directors acknowledge the need for the Company to foster business relationships with suppliers, customers and other stakeholders. All policies, practices and procedures adopted by the Group with regard to stakeholder relationships and engagement are applied by the Company. Refer to pages 33 to 39 of the Group's Annual Report and Accounts 2024, which does not form part of this report, for more details. The Company identifies its key business relationships as being the same as the Group as described on pages 33 to 39 of the Group's Annual Report and Accounts 2024, other than having a more limited number of relationships than the Group.

### Corporate governance

The Directors of the Company are committed to achieving the highest standards of Corporate Governance as it underpins the sustainability of the Group's business and the achievement of its strategy. A more detailed explanation of the Group's approach to corporate governance can be found in the Corporate governance report on pages 68 to 75 of the WH Smith PLC Annual Report and Accounts 2024.

### 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 law and regulation.

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, 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:

# WH Smith Retail Holdings Limited

## Directors' report (continued)

### Statement of directors' responsibilities in respect of the financial statements (continued)

- 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 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 also 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.

### Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, will continue in office as auditors to the Company.

This report was approved by the Board of Directors on 21 February 2025.

On behalf of the Board



Maxwell LJ Izzard  
Director

# WH Smith Retail Holdings Limited

## Strategic report

The Strategic report is prepared in accordance with s414c(11) of the Companies Act 2006.

### Principal activities, key performance indicators and business review

The Company is a holding company for a group of trading companies within the WH Smith PLC Group (the “Group”). In addition, the Company has been the principal employer of the Group’s defined benefit pension trust, WHSmith Pension Trust, and operates central functions of the WH Smith PLC Group. The Company also employs staff that provide services to other members of the WH Smith PLC Group.

As shown in the Company’s Statement of profit and loss on page 12 the Company’s profit for the financial year to 31 August 2024 was £185,657,000 (2023: loss of £97,641,000). The profit for the year is primarily the result of impairments of investments in subsidiaries of £93,958,000 (2023: £83,575,000) and expected credit losses on financial assets of £125,417,000 (2023: £8,435,000), offset by the receipt of dividends from subsidiaries of £421,926,000 in the year (2023: £nil).

In addition to these measures, the directors also present an alternative measure of operating profit, which excludes items which are not considered part of the normal operations of the business, are non-recurring or are considered exceptional because of their size, nature or incidence. The directors believe that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Company’s underlying financial performance.

Operating loss before non-underlying items was £19,436,000 (2023: £7,313,000), a reduction of £12,313,000 year on year. A reconciliation to reported operating loss per the Statement of profit and loss on page 12 is provided below.

	2024 £'000	2023 £'000
<b>Operating loss (as reported in the Statement of profit and loss)</b>	<b>(243,145)</b>	<b>(100,297)</b>
Impairment of investments in subsidiaries	i) 93,958	83,575
Expected credit losses on financial assets	i) 125,417	8,435
Costs associated with pensions	ii) 1,729	949
Costs relating to M&A activity and Group legal entity structure	iii) 2,492	-
Other	113	25
<b>Total non-underlying items</b>	<b>223,709</b>	<b>92,984</b>
<b>Operating loss before non-underlying items</b>	<b>(19,436)</b>	<b>(7,313)</b>

Non underlying items recognised in the year are as follows:

*i) Impairment of investments in subsidiaries and expected credit losses ('ECLs') on financial assets*

Further information explanation of the circumstances leading to these impairments and ECLs is provided in Notes 2 and 12.

*ii) Costs associated with pensions*

Costs of £1,729,000 (2023: £949,000) have been incurred relating to professional fees associated with the buy out of the WHSmith Pension Trust (Note 7).

*iii) Costs related to M&A activity and Group legal entity structure*

Costs incurred during the year include £2,492,000 of professional and legal fees in relation to a reorganisation of the Group’s legal entity structure.

The balance sheet on page 14 of the financial statements shows that during the year, the Company’s net assets have increased by £1,500,783,000 to £2,252,907,000 (2023: £752,124,000) reflecting the profit in the year, gains on disposal of investments in subsidiaries of £811,655,000, a gain on disposal of intellectual property and trademarks of £417,000,000, and the recognition of the surplus on the WHSmith Pension Trust explained below.

The Company’s directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, of which this Company is a part, is discussed in the WH Smith PLC Annual Report and Accounts 2024, which does not form part of this Report.

# WH Smith Retail Holdings Limited

## Strategic report (continued)

### Events after the balance sheet date

In September 2024, the Trustee of the WHSmith Pension Trust transferred the surplus assets in the scheme to the Company, comprising cash of c.£75,077,000 and an investment in Permira Credit Solutions III Fund of c.£12,276,000 following finalisation of the buy-out of the defined benefit liabilities in the Retail Section of the WHSmith Pension Trust. The transfer of assets was net of applicable taxes payable by the Trust of taxes owed to HMRC, which were settled by the Trustee. As agreed with the Trustee, the return of the surplus preceded the formal winding up steps of the Retail Section.

Following the publication of an HMRC newsletter on 24 October 2024, the Company has become aware of a difference in interpretation of the rules on the calculation of the tax due between the Trustee and HMRC on the surplus arising from the buy out of the defined benefit pension scheme. As a result, the Company could be required to reimburse the Trustee c.£6,000,000. This has not been recorded as a liability in the financial statements of the Company as at 31 August 2024.

### Section 172(1) statement

The directors are aware of their statutory duty to promote the success of the Company for the benefit of the members as a whole, and in doing so having regard to those factors set out in section 172(1) (a)-(f) of the Companies Act 2006.

As a result of the Group's governance structure, the matters that the directors are responsible for considering under section 172(1) of the Companies Act 2006 have been considered to an appropriate extent by the WH Smith PLC Group board in relation to both the WH Smith PLC Group and its subsidiaries (the 'Group') and also to the Company. The directors have also considered relevant matters where appropriate.

To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Group board has considered the matters set out in s172(1) (for the Group and for the Company) is set out on pages 33 to 39 of the Group's Annual Report and Accounts 2024, which does not form part of this report.

### Principal risks and uncertainties

The WH Smith PLC Group manages its operations, including WH Smith Retail Holdings Limited on a divisional basis and has identified the following factors as the principal risks to the successful performance of the business of the Group. Through its status as a holding company for the WH Smith PLC Group business and as a guarantor of the Group's borrowing facilities as described in Note 19, WH Smith Retail Holdings Limited is therefore exposed to the risks of those trading entities, as follows:

- Economic, political, competitive and market risks
- Brand and reputation
- Key suppliers and supply chain management
- Store portfolio
- Business interruption
- Reliance on key personnel
- International expansion
- Cyber risk, data security and GDPR compliance
- Treasury, financial and credit risk management
- Environment and social sustainability

Group risks including risk management are discussed in further detail within the Principal risks and uncertainties section of the Strategic report in the Group's Annual Report and Accounts 2024 which does not form part of this report, a copy of which is available on the Group's website at [www.whsmithplc.co.uk](http://www.whsmithplc.co.uk).

All principal business functions compile risk registers to identify key risks, assess them in terms of their likelihood and potential impact, and determine appropriate control strategies to mitigate the impact of these risks, taking account of risk appetite. The ongoing monitoring of this framework is overseen by the respective Business Risk Committees and the Group Audit Committee.

During the year, the Board reviewed the effectiveness of the Group's risk management and internal controls systems. This review included the discussion and review of the risk registers and the internal controls across all business functions, as part of an annual exercise facilitated by the Internal Audit team. During the year, the Board also received presentations from management on specific risk areas such as cyber risk, international expansion, and the ongoing risk monitoring processes and appropriate mitigating controls.

WH Smith has no direct operations in countries impacted by current ongoing global conflicts. The Group's business could however be significantly impacted by any further potential escalation of these conflicts or wider geopolitical threats.



# WH Smith Retail Holdings Limited

## Strategic report (continued)

### Principal risks and uncertainties (continued)

The Group's risks will continue to evolve in response to future events and new challenges, where further emerging risks may develop that could materially impact the business in the future. Our Risk Forums and Monitoring Framework seek to identify such potential changes in our risk landscape.

### 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 PLC 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 function.

The Group's treasury function seeks to reduce exposures to interest rate 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 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 2024, which does not form part of this report.

### *Liquidity risk*

The Group 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 committed multi-currency revolving credit facility with a number of financial institutions which is available to be drawn for general corporate purposes including working capital. The facility is due to mature on 13 June 2029.

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, hedging, settlement and other financial activities. The Company's principal financial assets are trade and other receivables and bank balances and cash which are considered to have low credit risk on initial recognition.

The Company has credit risk attributable to its trade and other receivables. The amounts included in the balance sheet are net of allowances for expected credit losses.

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, bank loans and overdrafts.

At 31 August 2024, the Company had drawn down £nil on the Group's committed revolving credit facility (2023: £84,000,000). The decrease in the year is principally due to the legal entity reorganisation that took place during the year resulting in the Company no longer acting as the principal borrower on the RCF from 1 June 2024.

The Company draws down on its facility periodically, but does not view any draw down as long-term in nature and therefore does not enter into interest rate derivatives to mitigate this risk.

### *Foreign currency risk*

Foreign exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. As an intermediate holding company in a group of companies which engage in retailing with overseas operations the Company is indirectly exposed to foreign currency risk. The Group's foreign currency exposures are principally to the US dollar, euro and Australian dollar.

The Group uses forward foreign exchange contracts to hedge significant future transactions and cash flows denominated in currencies other than pounds sterling. The hedging instruments have been used to hedge purchases in US dollars and to minimise foreign exchange risk in movements of the USD/GBP exchange rates. These are designated as cash flow hedges. At 31 August 2024, the Group had no material un-hedged currency exposures.

The Group's euro and Australian dollar exposure is principally operational and arises mainly through the operation of retail stores in France, Ireland, Spain, Italy, Germany and Australia. The Group does not use derivatives to hedge balance sheet and profit and loss translation exposure. Forward foreign exchange contracts have been used to hedge Ireland retail stores purchases in GBP to minimise foreign exchange risk in movements of the GBP/EUR exchange rates. These are designated as cash flow hedges.

# WH Smith Retail Holdings Limited

## Strategic report (continued)

### Going concern

The directors are required to assess whether the Company can continue to operate and meet its liabilities as they fall due for at least 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 forecasts, including expenditure commitments, capital expenditure and borrowing facilities. The Company is profitable in the current year principally due to income from investment in subsidiaries. The Company is also in a net current assets position. 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 2024 financial statements should such support be required. This letter is valid to the extent that the Company remains part of the WH Smith Group of companies.

The Strategic report describes the Company's financial position, cash flows and borrowing facilities and also highlights the principal risks and uncertainties facing the Company. The Strategic report of the WH Smith PLC Annual Report and Accounts 2024, which does not form part of this report, also sets out the Group's business activities together with the factors that are likely to affect its future developments, performance and position.

The WH Smith PLC Annual Report and Accounts 2024 also outlines the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures. A copy of the WH Smith PLC Annual Report and Accounts 2024 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 undertaken a rigorous assessment of current performance and forecasts for the period to February 2026, including expenditure commitments, capital expenditure and available borrowing facilities. The covenants on these facilities are tested half-yearly and are based on fixed charges cover and net borrowings. The directors have also considered the existence of factors beyond the going concern period that could indicate that the going concern basis is not appropriate.

The directors have modelled a base case scenario consistent with the Group's latest Board approved forecasts, which include management's best estimates of market conditions and include a number of assumptions including passenger numbers, sales growth and cost inflation. Under this scenario the Group has significant liquidity and complies with all covenant tests throughout the assessment period.

From time to time, the Company's ultimate parent company, WH Smith PLC reviews the optimal structure of the WH Smith Group of companies, which can include consideration of the potential sale of members of the Group, including the Company and its subsidiaries. As a result, it is possible that the Company could be sold within 12 months of the approval of these financial statements. The Company's directors do not have access to or control over the financing arrangements or strategic plans of any potential purchaser and therefore the directors are unable to incorporate such plans into their going concern assessment. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Notwithstanding the uncertainty outlined above, as a result of the above analysis the directors are satisfied that the going concern basis remains appropriate for the preparation of the Company's financial statements. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

This report was approved by the Board on 21 February 2025

On behalf of the Board



Maxwell LJ Izzard  
Director

# Independent auditors' report to the members of WH Smith Retail Holdings Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, WH Smith Retail Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 August 2024; the Statement of profit and loss, Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. As outlined in note 1, the Company's ultimate parent company, WH Smith PLC from time to time reviews the group structure, which includes the consideration of the potential sale of members of the Group, including the Company and its subsidiaries. As a result, it is possible that the Company could be sold within the 12 months of the approval of these financial statements. At the date of approving the financial statements the directors are not aware of any current concerns regarding the ability of the company to operate as a going concern. However, they do not have information about the future plans, including any financing arrangements, of any potential new owners. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **Independent auditors' report to the members of WH Smith Retail Holdings Limited (continued)**

## **Reporting on other information**

The other information comprises all of the information 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, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 August 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to GDPR and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements

## **Independent auditors' report to the members of WH Smith Retail Holdings Limited (continued)**

(including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Reviewing the financial statement disclosures and agreement to underlying supporting documentation;
- Enquiring of management, those charged with governance, internal audit, and internal legal counsel regarding instances of non-compliance with laws and regulations and fraud;
- Scanning external sources for evidence of instances of non-compliance with laws and regulations in the public domain;
- Reviewing internal audit reports and minutes of meetings of those charged with governance;
- Reviewing journal entries that exhibit specific fraud risk factors; and
- Challenging assumptions made by management in determining their significant judgements and accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jonathan Lambert (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
21 February 2025

# WH Smith Retail Holdings Limited

## Statement of profit and loss For the year ended 31 August 2024

	Note	2024 £'000	2023 £'000
<b>Revenue</b>	3	221,457	218,500
Cost of sales		<u>(208,621)</u>	<u>(207,559)</u>
<b>Gross profit</b>		<b>12,836</b>	<b>10,941</b>
Administrative expenses		(36,606)	(27,028)
Expected credit losses on financial assets	2	(125,417)	(8,435)
Impairment of investments in subsidiaries	12	(93,958)	(83,575)
Other income		<u>-</u>	<u>7,800</u>
<b>Operating loss</b>	4	<b>(243,145)</b>	<b>(100,297)</b>
Income from subsidiaries	8	<u>421,926</u>	<u>-</u>
<b>Profit/(loss) before interest and taxation</b>		<b>178,781</b>	<b>(100,297)</b>
Net finance income	9	<u>1,027</u>	<u>2,538</u>
<b>Profit/(loss) before taxation</b>		<b>179,808</b>	<b>(97,759)</b>
Tax on profit or loss	10	<u>5,849</u>	<u>118</u>
<b>Profit/(loss) for the financial year</b>		<b><u>185,657</u></b>	<b><u>(97,641)</u></b>

All results are derived from continuing operations.

# WH Smith Retail Holdings Limited

## Statement of comprehensive income For the year ended 31 August 2024

	Note	2024 £'000	2023 £'000
<b>Profit/(loss) for the financial year</b>		<b>185,657</b>	<b>(97,641)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified subsequently to the statement of profit and loss:</b>			
Gains on disposal of investments in subsidiaries	12	811,655	-
Gain on disposal of intellectual property and trademarks	1	417,000	-
Remeasurements of the recoverability of retirement benefit scheme surplus	7	87,353	-
Actuarial gains on defined benefit pension schemes	7	1,131	1,427
Deferred tax on retirement benefit obligations		-	(307)
<b>Items that may be reclassified subsequently to the statement of profit and loss:</b>			
Revaluation of investments	13	(2,013)	5
<b>Other comprehensive income for the year</b>		<b>1,315,126</b>	<b>1,125</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>1,500,783</b>	<b>(96,516)</b>

# WH Smith Retail Holdings Limited

## Balance Sheet As at 31 August 2024

	Note	2024 £'000	2023 £'000
<b>Non-current assets</b>			
Property, plant and equipment	11	7,645	8,840
Investments in subsidiaries	12	5,445	992,549
Investments	13	24,160	15,139
Deferred tax assets	10	6,794	6,965
		<u>44,044</u>	<u>1,023,493</u>
<b>Current assets</b>			
Trade and other receivables: amounts falling due within one year	14	3,215,791	677,992
Trade and other receivables: amounts falling due after more than one year	14	85,451	105,414
Derivative financial assets		-	790
Retirement benefit surplus	7	87,353	-
Cash and cash equivalents		533	19,709
		<u>3,389,128</u>	<u>803,905</u>
<b>Current liabilities</b>			
Trade and other payables: amounts falling due within one year	15	(1,059,100)	(839,586)
Lease liabilities	16	(35,714)	(46,229)
Bank overdrafts and other borrowings		-	(84,000)
		<u>2,294,314</u>	<u>(165,910)</u>
<b>Net current assets/(liabilities)</b>		<u>2,338,358</u>	<u>857,583</u>
<b>Total assets less current liabilities</b>		<u>2,338,358</u>	<u>857,583</u>
<b>Non-current liabilities</b>			
Lease liabilities	16	(85,451)	(105,459)
		<u>2,252,907</u>	<u>752,124</u>
<b>Net assets</b>		<u>2,252,907</u>	<u>752,124</u>
<b>Capital and reserves</b>			
Called up share capital	17	-	482,692
Share premium account		-	22,474
Revaluation reserve		(2,670)	(657)
Capital redemption reserve		-	371,423
Merger reserve		-	34,000
Retained earnings/(accumulated losses)		2,255,577	(157,808)
		<u>2,252,907</u>	<u>752,124</u>
<b>Total shareholders' funds</b>		<u>2,252,907</u>	<u>752,124</u>

The notes on pages 16 to 34 are an integral part of these financial statements.

These financial statements of WH Smith Retail Holdings Limited, registered number 471941, on pages 12 to 34, were approved by the Board of Directors and authorised for issue on 21 February 2025.

Signed on behalf of the Board of Directors by:



Maxwell LJ Izzard  
Director



# WH Smith Retail Holdings Limited

## Statement of changes in equity Year ended 31 August 2024

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Merger reserve £'000	(Accumulated losses)/ retained earnings £'000	Total shareholders' funds £'000
Balance as at 1 September 2022	482,692	22,474	371,423	(662)	34,000	(61,287)	848,640
Loss for the financial year	-	-	-	-	-	(97,641)	(97,641)
<b>Other comprehensive income / (loss) for the year</b>							
Actuarial gains on defined benefit pension schemes	-	-	-	-	-	1,427	1,427
Deferred tax on retirement benefit obligations	-	-	-	-	-	(307)	(307)
Revaluation of investments	-	-	-	5	-	-	5
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	5	-	(96,521)	(96,516)
<b>Balance as at 31 August 2023</b>	<b>482,692</b>	<b>22,474</b>	<b>371,423</b>	<b>(657)</b>	<b>34,000</b>	<b>(157,808)</b>	<b>752,124</b>
Balance as at 1 September 2023	482,692	22,474	371,423	(657)	34,000	(157,808)	752,124
Profit for the financial year	-	-	-	-	-	185,657	185,657
<b>Other comprehensive income/(loss) for the year</b>							
Gains on disposal of investments in subsidiaries	-	-	-	-	-	811,655	811,655
Gain on disposal of intellectual property and trademarks	-	-	-	-	-	417,000	417,000
Remeasurements of the recoverability of retirement benefit scheme surplus	-	-	-	-	-	87,353	87,353
Actuarial gains on defined benefit pension schemes	-	-	-	-	-	1,131	1,131
Revaluation of investments	-	-	-	(2,013)	-	-	(2,013)
<b>Total comprehensive income for the year</b>	-	-	-	(2,013)	-	1,502,796	1,500,783
Bonus issue of shares (Note 17)	34,000	-	-	-	(34,000)	-	-
Reduction of share capital	(516,692)	(22,474)	(371,423)	-	-	910,589	-
<b>Balance as at 31 August 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,670)</b>	<b>-</b>	<b>2,255,577</b>	<b>2,252,907</b>

# **WH Smith Retail Holdings Limited**

## **Notes to the financial statements**

### **Year ended 31 August 2024**

#### **1. Accounting policies**

##### **General information**

WH Smith Retail Holdings Limited is a private company limited by shares incorporated and domiciled in the UK, and registered in England and Wales. The address of the registered office is given on page 1.

##### **Accounting convention**

The financial statements of WH Smith Retail Holdings Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared under the historical cost basis as modified by the revaluation of certain financial instruments, 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 2024. The prior year financial statements were for the year ended 31 August 2023.

The Company is a wholly owned subsidiary of WH Smith PLC, which is its ultimate parent. 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 financial statements have been prepared on the going concern basis as explained below.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 August 2024.

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, maturity analysis of lease liabilities, 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 consolidated financial statements of WH Smith PLC. The consolidated financial statements of WH Smith PLC are available to the public and can be obtained as set out in Note 22.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

The functional currency of WH Smith Retail Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

##### **Going concern**

The directors are required to assess whether the Company can continue to operate and meet its liabilities as they fall due for at least 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 forecasts, including expenditure commitments, capital expenditure and borrowing facilities. The Company is profitable in the current year principally due to income from investments in subsidiaries. The Company is also in a net current assets position. 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 2024 financial statements should such support be required. This letter is valid to the extent that the Company remains part of the WH Smith Group of companies.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**1. Accounting policies (continued)**

**Going concern (continued)**

The Strategic report describes the Company's financial position, cash flows and borrowing facilities and also highlights the principal risks and uncertainties facing the Company. The Strategic report of the WH Smith PLC Annual Report and Accounts 2024, which does not form part of this report, also sets out the Group's business activities together with the factors that are likely to affect its future developments, performance and position.

The WH Smith PLC Annual Report and Accounts 2024 also outlines the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures. A copy of the WH Smith PLC Annual Report and Accounts 2024 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 undertaken a rigorous assessment of current performance and forecasts for the period to February 2026, including expenditure commitments, capital expenditure and available borrowing facilities. The covenants on these facilities are tested half-yearly and are based on fixed charges cover and net borrowings. The directors have also considered the existence of factors beyond the going concern period that could indicate that the going concern basis is not appropriate.

The directors have modelled a base case scenario consistent with the Group's latest Board approved forecasts, which include management's best estimates of market conditions and include a number of assumptions including passenger numbers, sales growth and cost inflation. Under this scenario the Group has significant liquidity and complies with all covenant tests throughout the assessment period.

From time to time, the Company's ultimate parent company, WH Smith PLC reviews the optimal structure of the WH Smith Group of companies, which can include consideration of the potential sale of members of the Group, including the Company and its subsidiaries. As a result, it is possible that the Company could be sold within 12 months of the approval of these financial statements. The Company's directors do not have access to or control over the financing arrangements or strategic plans of any potential purchaser and therefore the directors are unable to incorporate such plans into their going concern assessment. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Notwithstanding the uncertainty outlined above, as a result of the above analysis the directors are satisfied that the going concern basis remains appropriate for the preparation of the Company's financial statements. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

**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:

IFRS 17	Insurance contracts
Amendments to IAS 12	Taxation and International tax reform – pillar two model rules
Amendment to IAS 8	Accounting policies, Changes in Accounting Estimates and Errors
Amendment to IAS 7 and IFRS 7	Supplier finance arrangements
Narrow scope amendments to IAS 1, IAS 8 and IFRS Practice statement 2	

**Revenue**

Revenue is measured at the fair value of the consideration received or receivable for the provision of employees and other central services to other companies within the WH Smith PLC Group.

**Share-based payments**

Employees of the Company receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares in WH Smith PLC. These are accounted for as cash-settled share-based payments. A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**1. Accounting policies (continued)**

**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 Retail Holdings 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 and loss and other comprehensive income for the year.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Investments in subsidiaries**

Investments in equity and long term loans in subsidiaries are valued at historical cost less provision for impairments in value. The carrying value of investments in subsidiaries is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Impairments of investments in subsidiaries are recognised in the statement of profit and loss within operating profit.

# WH Smith Retail Holdings Limited

## Notes to the financial statements (continued)

### Year ended 31 August 2024

#### 1. Accounting policies (continued)

##### Investments

###### *WH Smith Employee Share Trust 1999 and the WH Smith Employee Benefit Trust*

As a result of the demerger of Smiths News PLC from WH Smith PLC on 1 September 2006, the WH Smith's Employees' Share Trust 1999 was split in proportion to the Trust's obligation to the Retail business and the News business. This involved segregating the assets of the trust relating to each of the Retail Group and the News Group. From 1 September 2006, WH Smith PLC has accounted for the section of the trust allocated from the segregation, which is called the WH Smith Employee Benefit Trust.

The WH Smith Employee Benefit Trust holds ordinary shares in WH Smith PLC, which may be used to satisfy awards and options granted under the Group share schemes. Full details of the Trust and the share schemes are disclosed in the consolidated financial statements of WH Smith PLC for the year ended 31 August 2024.

After initial recognition, WH Smith PLC shares are measured at fair value with temporary gains or losses being recognised within equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of profit and loss. The fair value is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

##### Intangible assets

Intangible fixed assets are stated at cost, net of accumulated amortisation and accumulated impairment losses. The costs of acquiring and developing software that is not integral to the related hardware is capitalised separately as an intangible asset. Software is amortised over its estimated useful economic life of up to five years on a straight line basis. Amortisation is recorded in Administrative expenses.

Gains of £417,000,000 have been recognised in the Statement of profit and loss during the period, relating to the sale of intellectual property and trademarks relating to the WH Smith brand to another Group company, WH Smith Group Limited (formerly Acraman (678) Limited). The carrying value of the brand prior to its disposal was £nil.

##### Property, and equipment

Property, plant and equipment assets are stated at cost, net of accumulated depreciation and accumulated impairment losses. The carrying values of tangible fixed assets previously revalued have been retained at their book amount.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life on a straight line basis, as follows. Depreciation is recorded in the statement of profit and loss in Administrative expenses.

Freehold properties	-	20 years
Leasehold improvements	-	up to 20 years depending on lease length
Fixtures and fittings	-	up to 10 years
Equipment	-	8 years

##### Leases

###### *The Company as a lessee*

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

All of the lease contracts that the Company enters into as a lessee are on behalf of other Group entities, where the other Group entity is utilising the underlying asset. These leases are considered to be sub-leased to other Group entity at mirror terms to the head leases. For such leases, the right of use asset recorded for the head lease is immediately derecognised and the Company recognises an intercompany lease receivable for the sub-lease arrangement which is generally equal to the lease liability on head lease.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**1. Accounting policies (continued)**

**Leases (continued)**

*The Company as a lessee (continued)*

Lease liabilities are measured at the present value of the future lease payments which comprise:

- Fixed lease payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- Payments to exercise options, to the extent that the Company is reasonably certain to exercise the options.

The payments are discounted using the rate implicit in the lease or where that cannot be readily determined, at an incremental borrowing rate.

Right-of-use assets are measured initially at cost, being the value of the corresponding lease liability, adjusted for lease payments made at or before the commencement date, initial direct costs and an estimate of the costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

Subsequent to initial recognition, the lease liability is reduced for payments made and increased to reflect interest on the lease liability (using the effective interest method). Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The Company includes remeasurements and modifications to the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease payments change due to changes in an index, rent review or rate, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Lease contracts that include variable rents based on sales, which is the case with many of our retail concession contracts, are not included in the measurement of the lease liability and the right-of-use asset. The related rents payable are recognised as an expense in the period in which the event or condition that triggers those payables occurs and are included in profit or loss.

*The Company as a lessor*

The Company enters into lease agreements with other group entities as an intermediate lessor with respect to all its property leases. It accounts for the head lease and the sublease as two separate contracts. The sublease arrangements are always at mirror terms to the head lease and therefore all the sub-lease arrangements are classified as a finance lease because in effect it transfers substantially all the risks and rewards of ownership to the assets to the lessee. The Company derecognises the right of use asset and recognise the financial asset in the form of an intercompany lease receivable which is equal to the lease liability recognised for the head lease. Interest income is recognised on intercompany lease receivable using the effective interest method.

Rents receivable from operating leases are recognised on a straight-line basis over the term of the relevant lease.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**1. Accounting policies (continued)**

**Retirement benefit costs**

The retirement benefit surplus or obligation recognised in the balance sheet represents the difference between the fair value of scheme assets and the present value of the defined benefit obligation. Any surplus resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan. Where the Company is considered to have a contractual obligation to fund the pension scheme above the accounting value of the liabilities, an onerous obligation is recognised.

Following the finalisation of the buy-out of the defined benefit liabilities in the Retail Section of the WHSmith Pension Trust (the Company's defined benefit scheme), and confirmation of the Trustee's intention to return surplus assets to the sponsor, the Company has determined that it has an unconditional right to the surplus assets, and therefore a retirement benefit surplus has been recognised as a current asset as at 31 August 2024. Further information is provided in Note 7.

For defined contribution schemes the amount charged to the statement of profit and loss in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

**Dividends payable and receivable**

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid. There were £nil dividends declared for the year ended 31 August 2024 (2023: £nil).

Dividends receivable from subsidiary undertakings are recorded as income from shares in group undertakings in profit or loss in the period in which they are received.

**Financial instruments**

**a) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

**b) Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**c) Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**1. Accounting policies (continued)**

**Financial instruments (continued)**

**d) Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**e) Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

**f) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Capital and reserves**

The revaluation reserve represents revaluation of investments to fair value. Gains and losses are deferred in this reserve until such time as the underlying asset is sold.

**2. Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Significant items subject to such assumption and estimate include the useful economic life of assets; the measurement and recognition of provisions; the recognition of deferred tax assets; and the liabilities for potential corporation tax. 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 (that do not also involve estimation) are set out below:

**a) Substantive substitution rights**

Judgement is required in determining whether a contract meets the definition of a lease under IFRS 16. Management has determined that certain retail concession contracts give the landlord substantive substitution rights because the contract gives the landlord rights to relocate the retail space occupied by the Group. In such cases, management has concluded that there is not an identified asset and therefore such contracts are outside the scope of IFRS 16.

**b) Determination of lease term**

In determining the lease term for contracts that have options to extend or terminate early at the Company's discretion, management has applied judgement in determining the likelihood of whether such options will be exercised. This is based on the length of time remaining before the option is exercisable, performance of the individual store and the trading forecasts.

The most significant sources of estimation uncertainty are as follows:

**a) Impairment of investments in subsidiaries**

Investments in subsidiaries of £5,445,000 (2023: £992,549,000) are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. When a review for impairment is conducted, the recoverable amounts of the cash-generating unit is determined based on calculations prepared on the basis of management's assumptions and estimates. The key assumptions in the calculations include growth rate of revenue and expenses, discount rates and likelihood of lease renewal.

During the year, the Company incurred an impairment of £16,425,000 (2023: £83,575,000) on its investment in WH Smith High Street Holdings Limited as a result of a reduction in the valuation of that entity. Following the impairment, the carrying value of the subsidiary is £nil. The key drivers of this impairment include a reduction in expected cash generation from the business.



**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**2. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**a) Impairment of investments in subsidiaries (continued)**

During the year, the Company incurred an impairment of £70,689,000 (2023: £nil) on its investment in WH Smith 1955 Limited following receipt of a dividend from that entity of £87,710,000. Following the impairment, the Company sold its investment in WH Smith 1955 Limited to WH Smith Group Limited (formerly Acraman (678) Limited) for £5,107,000, the carrying value of the investment.

**b) Carrying value of financial assets**

The Company reviews its receivables from group undertakings (see Note 14) 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.

The Company has included a charge of £125,417,000 (2023: a charge of £8,435,000) in its income statement in respect of expected credit losses. At the year end, the Company held a total provision for expected credit losses of £157,983,000 (2023: £32,566,000). The charge in the current year principally relates to an increase in expected credit losses in respect of intercompany receivables from the Group's High Street and US businesses.

In the prior year, the charge was principally in relation to amounts receivable from the Group's US and German business. These loans are repayable on demand, however it was determined that the counterparties would not be in a position to repay the loans in full if demanded at the balance sheet date.

The calculation of expected credit losses involves the use of estimates when assessing the ability of the counterparty to repay the loans. The most significant estimates include the timing and extent of future cash flow generation by the counterparty entities. The estimated cash flow is mainly derived from the latest Board approved budget and three year plan, as adjusted for more recent information where applicable.

The expected credit loss in relation to the US business is £56,218,000. If the estimated future cash flow of the US business was 10% lower than expected during the recovery scenario, the expected credit loss charge to the Company's income statement would be £8,090,000 higher.

The expected credit loss in relation to the German loan is not considered sensitive to any reasonably possible changes in estimates as it is credit impaired and has no carrying value.

The Company also holds a substantial receivable from a subsidiary that acts as a holding company for the WH Smith PLC Group. The amount of the receivable is £208,000,000 (2023: £217,935,000). An expected credit loss of £81,226,000 (2023: £127,000) has been recognised in respect of this balance based on a valuation of the sub-group. The recovery scenario assumed in the calculation of the expected credit loss is that the parent would compel the subsidiary holding company to sell its investments to repay the balance outstanding. In the prior year, a range of scenarios were investigated, including the repayment of the loan over time, and capitalisation of the loan. A reduction in expected cash generation (and valuation) of the subsidiary in the current year has resulted in the increase in the expected credit loss in the current year. At 31 August 2024, all potential recovery scenarios would result in a materially similar level of expected credit loss.

On the basis that the Company is in control of which recovery scenario would be implemented, the expected credit loss has been calculated by applying a high weighting to the most likely scenario (additional share subscription) with a very low weighting applied to the other recovery scenarios.

The Company holds a receivable of £1,893,083,000 from another Group company, WH Smith Group Limited, primarily representing the consideration for the sale of subsidiaries and other assets described on page 2. This receivable has been determined to be recoverable and therefore has no expected credit loss recognised against it. The expected mechanism of recovery is via a distribution from the Company to its parent, which will be offset against the amount receivable. The directors have determined that the Company will have sufficient distributable reserves in order to approve this distribution.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**3. Revenue**

All of the Company's revenue and profit/(loss) before taxation arose in the United Kingdom and from provision of services.

**4. Operating loss**

Operating loss is stated after charging:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of property, plant and equipment assets	948	2,468
Impairment of investment in subsidiary	93,958	83,575
Expected credit losses on financial assets	125,417	8,435
Share-based payments expense	3,734	4,132
Auditors' fees		
- fees payable to Company's auditors for the audit of the Company's financial statements	55	56
	<u>55</u>	<u>56</u>

Statutory disclosures in respect of non-audit fees are given in the consolidated financial statements of WH Smith PLC. As a result, the Company has made use of the disclosure exemption under FRS 101 in relation to disclosures of auditors' fees.

**5. Directors' remuneration**

C Cowling and R J Moorhead are directors of the parent company, WH Smith PLC, and 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. I Houghton is also a director of a number of fellow Group subsidiaries and it is not possible to make an accurate apportionment of his remuneration in respect of each of the subsidiaries.

MLJ Izzard was appointed to the board on the 19 November 2024 and therefore did not receive any remuneration during the year.

The remuneration of C Cowling, R J Moorhead and I Houghton is paid by WH Smith Retail Holdings Limited and included within Staff costs.

The aggregate remuneration of C Cowling, R J Moorhead and I Houghton is as follows:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate amount of remuneration paid to or receivable by directors in respect of qualifying services	3,347	3,584
Aggregate value of Company contributions paid to a pension scheme in respect of directors' qualifying services	114	161
Aggregate of the amount of gains made by directors on the exercise of share options	2,351	2,750
	<u>5,812</u>	<u>6,495</u>

During the year ended 31 August 2024, all 3 directors that were directors of the Company during the financial year exercised of share awards in respect of shares in WH Smith PLC (2023: 3 directors).

The total remuneration of C Cowling, who is the highest paid director, and R J Moorhead is included in the aggregate of directors' remuneration disclosed in the financial statements of the parent company, WH Smith PLC.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**6. Employees and staff costs**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Staff costs</b>		
Wages and salaries	202,391	198,057
Social security costs	15,957	15,917
Share-based payments	3,734	4,132
Other pension costs	4,148	3,672
	<u><b>226,230</b></u>	<u><b>221,778</b></u>
	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
<b>Monthly average number of employees</b>		
Retailing	9,463	10,133
Central functions	54	53
	<u><b>9,517</b></u>	<u><b>10,186</b></u>

Employees are utilised by other Group companies for the provision of retailing services.

**7. Retirement benefit arrangements**

The Company is the principal employer of the Group's defined benefit pension trust, WHSmith Pension Trust and the Group's defined contribution plan. The most significant is WHSmith Pension Trust, which is described in Note 7 (a).

**(a) The WHSmith Pension Trust**

The WHSmith Pension Trust Final Salary Section is a funded final salary defined benefit scheme; it was closed to defined benefit service accrual on 2 April 2007 and has been closed to new members since 1996.

Following the purchase of a bulk annuity during the year ended 31 August 2022 (the buy in), the Trustee commenced the process to move to buy out and wind up of the scheme. During the year ended 31 August 2024 the Trustee completed the activities necessary to move to buy out, with administration transferred to Standard Life, and commenced formal winding up of the Scheme.

In June 2024, following the member consultation process and the conclusion of the statutory notification process, the Trustee was advised that it could legally distribute the remaining pension cash surplus to the sponsoring employer, and therefore confirmed its intention to return surplus assets, after associated costs, to the sponsor. As a result, the Company determined that it has an unconditional right to the surplus asset, and the IAS 19 post-tax surplus of £87,353,000 has been recognised through other comprehensive income in the year and the IFRIC 14 ceiling eliminated.

The amounts recognised in the Group balance sheet at 31 August 2024 are as follows:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Present value of the obligations	-	-
Fair value of plan assets	87,353	-
	<u><b>87,353</b></u>	<u><b>-</b></u>
<b>Net surplus recognised in the balance sheet</b>		
	<u><b>87,353</b></u>	<u><b>-</b></u>

At the prior year balance sheet date, 31 August 2023, the Company did not have an unconditional right to derive economic benefit from any surplus in the scheme, as the Trustees retained the right to enhance benefits under the Trust deed, and therefore the present value of the economic benefits of any IAS 19 surplus in the pension scheme available to the Company was £nil. Accordingly, no balance sheet asset or liability existed at 31 August 2023 in relation to this scheme.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**7. Retirement benefit arrangements (continued)**

**(a) The WHSmith Pension Trust (continued)**

The amounts recognised in the Statement of other comprehensive income are as follows:

	2024 £'000	2023 £'000
Reassessment of the recoverability of retirement benefit scheme surplus	87,353	-
Actuarial gains on defined benefit pension schemes	1,131	1,427
	<u>88,484</u>	<u>1,427</u>

Costs of £1,729,000 relating to legal and consulting advice, Trustee indemnity insurance and run-off cover, have been incurred during the year ended 31 August 2024 in relation to the buy out and wind up of the scheme and have been recognised in the income statement.

***Post balance sheet event***

In September 2024, the Trustee transferred the surplus assets to the Company, comprising cash of £75,077,000 and an investment in Permira Credit Solutions III Fund of £12,276,000 following finalisation of the buy-out of the defined benefit liabilities in the Retail Section of the WHSmith Pension Trust. The transfer of assets was net of applicable taxes payable by the Trust of taxes owed to HMRC, which were settled by the Trustee. As agreed with the Trustee, the return of the surplus preceded the formal winding up steps of the Retail Section.

The pension surplus of £87,353,000 (net of tax and costs) comprises cash of £75,077,000 and investments of £12,276,000.

Following the publication of an HMRC newsletter on 24 October 2024, the Company has become aware of a difference in interpretation of the rules on the calculation of the tax due between the Trustee and HMRC on the surplus arising from the buy out of the defined benefit pension scheme. As a result, the Company could be required to reimburse the Trustee c.£6,000,000. This has not been recorded as a liability in the financial statements of the Company as at 31 August 2024.

**(b) Defined contribution pension scheme**

The amount of unpaid contributions as at 31 August 2024 included in other creditors was £920,000 (2023: £895,000).

**8. Income from subsidiaries**

During the year the Company received dividends of £324,216,000, £87,710,000 and £10,000,000 from WH Smith Travel Holdings Limited, WH Smith 1955 Limited and WH Smith Promotions Limited respectively (2023: £nil).

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**9. Net finance income**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Finance income:		
Interest receivable from other group companies	22,039	16,669
Other interest receivable and similar income	383	57
	<u>22,422</u>	<u>16,726</u>
Finance costs:		
Other interest payable and similar charges	(10,223)	(2,411)
Net interest on lease liabilities	-	(57)
Interest payable to other group companies	(11,172)	(11,720)
	<u>(21,395)</u>	<u>(14,188)</u>
<b>Net finance income</b>	<u><b>1,027</b></u>	<u><b>2,538</b></u>

**10. Tax on profit or loss**

**a) Tax on profit or loss**

The tax credit comprises:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Current tax:		
Current year credit	(9,047)	(3,116)
Adjustments in respect of prior years	3,027	(423)
	<u>(6,020)</u>	<u>(3,539)</u>
Deferred tax:		
Origination and reversal of timing differences	4,093	1,979
Adjustments in respect of prior years	(3,922)	1,190
Changes in tax rates	-	252
	<u>(5,849)</u>	<u>(118)</u>
<b>Tax credit on profit or loss</b>	<u><b>(5,849)</b></u>	<u><b>(118)</b></u>

**Reconciliation of the tax credit**

The tax assessed for the year is lower (2023: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) before taxation	<u>179,808</u>	<u>(97,759)</u>
Tax charge/(credit) on profit or loss before taxation at UK standard rate of corporation tax of 25% (2023: blended UK rate of corporation tax of 21.50%)	44,952	(21,018)
Effect of:		
Expenses not deductible for tax purposes	51,466	19,881
Non-taxable income	(101,372)	-
Adjustments in respect of prior years	(895)	767
Changes in tax rates	-	252
<b>Total tax credit for the year</b>	<u><b>(5,849)</b></u>	<u><b>(118)</b></u>

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**10. Tax on loss (continued)**

**b) Deferred tax**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Share-based payments	7,134	6,200
Accelerated capital allowances	(340)	(392)
Losses	-	1,157
	<u>6,794</u>	<u>6,965</u>
<b>At 31 August</b>	<b>6,794</b>	<b>6,965</b>
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
At 1 September	6,965	10,693
Charge to statement of profit and loss	(4,093)	(1,979)
Charge to equity	-	(307)
Changes in tax rates	-	(252)
Adjustments in respect of prior years	3,922	(1,190)
	<u>6,794</u>	<u>6,965</u>
<b>At 31 August</b>	<b>6,794</b>	<b>6,965</b>

These assets have been recognised in the financial statements as the directors are of the opinion, based on recent and forecast trading, that the level of Group profits in future years will exceed the losses arising in this entity including those arising on the reversal of these deferred tax assets, and therefore they expect those deferred tax assets to be recovered against those profits via group relief.

The UK corporation tax rate is 25%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021, and the main impact of this change has been factored into 31 August 2021 year end financial statements.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15 per cent. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting years starting on or after 31 December 2023. This will be applicable to the Company for the year ending 31 August 2025. The Company has applied the exemption under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**11. Property, plant and equipment**

	<b>Freehold properties £'000</b>	<b>Leasehold improvements £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 September 2023	22,839	3,085	4,795	22,273	52,992
Additions	59	-	-	-	59
Disposals	-	(3,085)	(4,795)	(22,273)	(30,153)
<b>At 31 August 2024</b>	<b>22,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,898</b>
<b>Accumulated depreciation</b>					
At 1 September 2023	15,198	2,959	4,578	21,417	44,152
Depreciation charge	55	94	161	638	948
Disposals	-	(3,053)	(4,739)	(22,055)	(29,847)
<b>At 31 August 2024</b>	<b>15,253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,253</b>
<b>Net book value</b>					
<b>At 31 August 2024</b>	<b>7,645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,645</b>
At 31 August 2023	7,641	126	217	856	8,840

Leasehold improvements, fixtures and fittings and equipment assets are all assets held under lease arrangements, therefore the net book value of right-of-use assets included above is equal to the net book value of each of those asset categories.

During the year, the Company disposed of fixed assets with a net book value of £306,000 to WH Smith Group Limited (formerly Acraman (678) Limited) for consideration of £306,000. There were no gains or losses recognised on disposal.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**12. Investments in subsidiaries**

	<b>£'000</b>
<b>Cost</b>	
At 1 September 2023	1,186,052
Disposals	(893,146)
<b>At 31 August 2024</b>	<b>292,906</b>
<b>Provision for impairment</b>	
At 1 September 2023	(193,503)
Impairment	(93,958)
<b>At 31 August 2024</b>	<b>(287,461)</b>
<b>Net book value</b>	
<b>At 31 August 2024</b>	<b>5,445</b>
At 31 August 2023	992,549

On 1 June 2024 the Company transferred 100 per cent of its interest in WH Smith Travel Holdings Limited, WH Smith US Group Holdings Limited, WH Smith (Global Sourcing) Limited (formerly WH Smith Asia Limited), WH Smith Retirement Savings Plan Limited and WH Smith 1955 Limited, to WH Smith Group Limited (formerly Acraman (678) Limited), another Group company, for a total consideration of £1,698,478,000. The total carrying value of these investments was £893,146,000, resulting in gains on disposal of £811,655,000.

An impairment of £77,533,000 has been recognised in the current year in respect of the Company's investments in WH Smith 1955 Limited and WH Smith Promotions Limited. Following the receipt of dividends from these subsidiaries, the net assets of the subsidiaries was reduced below the carrying value of the investment, and therefore an impairment was required. The Company also recorded an impairment of its investment in WH Smith High Street Holdings Limited of £16,425,000 as a result of a reduction in valuation of that entity. This represents a full impairment of that investment. For all other investments, the Directors believe that the carrying value of the investments is supported by their underlying net assets. See Note 2 for more details.

At 31 August 2024 and 31 August 2023 the Company directly owned the entire issued ordinary share capital of the following companies.

<b>Subsidiaries</b>	<b>Country of incorporation</b>	<b>Registered address</b>	<b>Nature of business</b>
WH Smith High Street Holdings Limited	England and Wales	Greenbridge Road, Swindon, Wiltshire SN3 3RX	Retailing
WH Smith Promotions Limited	England and Wales	Greenbridge Road, Swindon, Wiltshire SN3 3RX	Dormant
WH Smith Jersey Limited	Jersey	72/74 King Street, St Helier, Jersey, JE2 4WE	Retailing

At 31 August 2024 and 31 August 2023 the Company also indirectly owned the issued equity share capital of the following companies incorporated in England and Wales. The registered address of all of the below companies is Greenbridge Road, Swindon, Wiltshire, SN3 3RX.

<b>Subsidiaries</b>	<b>Nature of business</b>
WH Smith High Street Limited	Retailing
Books & Stationers Limited	Retailing
Sussex Stationers Limited	Dormant
Card Market Limited	Retailing



**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**13. Investments**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Market value</b>		
At 1 September	15,139	8,904
Additions	12,000	7,800
Utilisation	(877)	(1,461)
Revaluation	(2,102)	(104)
<b>At 31 August</b>	<b>24,160</b>	<b>15,139</b>

At 31 August 2024 the number of shares held in WH Smith PLC was 1,892,970 (2023: 1,031,943) and the nominal value was £418,149 (2023: £227,952). The shares are held by an employee trust for the sole purpose of satisfying obligations under the parent company's Employee Share Schemes and are included in investments. Details of the Employee Share Schemes are given in Note 18.

**14. Trade and other receivables**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	3,175,290	624,951
Corporation tax	4,424	991
Lease receivables – amounts owed by group undertakings	35,706	45,314
Other debtors	371	6,736
	<b>3,215,791</b>	<b>677,992</b>

Included within amounts owed by group undertakings is an unsecured loan of £208,000,000 (2023: £208,000,000) which bears interest at 1% above 1 month compound SONIA rate, reset each month. All other amounts owed by group companies are non-interest bearing and repayable on demand.

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due after more than one year:</b>		
Lease receivables – amounts owed by group undertakings	85,451	105,414
	<b>85,451</b>	<b>105,414</b>

**15. Trade and other payables: amounts falling due within one year**

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	1,016,303	794,775
Other creditors	36,692	38,958
Other taxation and social security	6,105	5,853
	<b>1,059,100</b>	<b>839,586</b>

At 31 August 2024, all amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand. At 31 August 2023, amounts owed to group undertakings included an unsecured loan note of £4,857,430; an unsecured loan note of £7,307,805; and an unsecured loan note of £238,000,000 all of which bear interest at 1% above 1 month compound SONIA rate, reset each month. None of the unsecured loan notes had a fixed repayment date. During the year ended 31 August 2024, these loan notes were converted to non-interest bearing balances.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**16. Lease liabilities**

	2024 £'000	2023 £'000
<b>Lease liability</b>		
- Current	35,714	46,229
- Non-current	85,451	105,459
<b>At 31 August</b>	<b>121,165</b>	<b>151,688</b>

**17. Called up share capital**

	2024 Number of shares No.	Nominal value £'000	2023 Number of shares No.	Nominal value £'000
<b>Allotted, called up and fully paid</b>				
Ordinary shares of 2 <sup>13</sup> / <sub>81</sub> p each	1	-	22,341,721,689	482,692
Deferred shares of 2 <sup>13</sup> / <sub>81</sub> p each	1	-	1	-
	<b>2</b>	<b>-</b>	<b>22,341,721,690</b>	<b>482,692</b>

On 16 May 2024, the Directors of the Company approved a bonus issue of 1,573,714,285 ordinary shares of 2 13/81p each to its parent at that date, WH Smith PLC. Following the bonus issue of shares, the total number of ordinary shares in issue was 23,915,435,974 shares. The issue of shares was satisfied out of an existing merger reserve of £34,000,000.

On 16 May 2024, the Directors of the Company approved a capital reduction resulting in the cancellation of 23,915,435,973 ordinary shares of 213/81p per share. Following the capital reduction, the remaining issued share capital of the Company was one ordinary share of 213/81p and 1 deferred share of 213/81p per share. The capital reduction reduced the carrying value of share capital by £516,692,000 and increased retained earnings by the same value. The capital reduction also reduced the carrying value of share premium by £22,474,454 and capital redemption reserve by £371,423,000, and the total increase to retained earnings was £910,589,000.

Deferred shares of 2<sup>13</sup>/<sub>81</sub>p each have no rights to receive a dividend or to attend or vote at any general meeting of the Company. Holders of the deferred shares are entitled to a return of the capital paid up on winding-up, subject to the payment of all other classes of shares of the amount paid up on such shares but have no further rights of participation in the assets of the Company.

**18. Share-based payments**

The Company is the principal employer of the WH Smith PLC Group. The Company operates a number of share schemes for employees which are treated as cash-settled share-based payments in the financial statements of the Company. The schemes are treated as equity-settled share-based payments in the consolidated financial statements of WH Smith PLC, and the relevant disclosures are provided in Note 23 and the Remuneration Report of the WH Smith PLC Annual Report and Accounts 2024, which does not form part of this report. The amount recorded in liabilities in relation to these schemes is £28,368,000 (2023: £24,634,000) and the charge to profit and loss was £3,734,000 (2023: £4,132,000). Included in this liability is £676,000 (2023: £747,000) relating to vested options.

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**18. Share-based payments (continued)**

All share options which have vested have been valued at WH Smith PLC's share price at year-end. The share options outstanding, which have yet to vest, have been valued using a Black-Scholes model. The inputs to the Black-Scholes model for options over WH Smith PLC shares are as follows:

	<b>2024</b>	<b>2023</b>
Share price – pence	1,283	1,467
Exercise price – pence	Nil-1,400	Nil-1,610
Expected volatility – per cent	26.36-30.34	20.88-38.34
Expected life – years	0.22-2.38	0.22-2.79
Risk free rate – per cent	4.38-4.72	4.45-4.96
Dividend yield – per cent	0.00-2.77	0.00-1.97

Expected volatility was determined by calculating the historical volatility of the Group's share price.

	<b>2024</b>	<b>2023</b>
Weighted average share price at date of exercise of share options exercised during year – pence	1,299.63	1,429.62
Weighted average remaining contractual life at end of year – years	8	8

Below is a summary of the details of the share schemes.

**LTIP**

Under the terms of the current LTIP, executive directors and key senior executives may be granted conditional awards to acquire ordinary shares in the Company (in the form of nil cost options) which will only vest and become exercisable to the extent that the related performance targets are met.

Awards will first become exercisable on the vesting date, which is the third anniversary of the date of grant. Awards made on or after October 2016 are subject to holding periods preventing the delivery and sale of shares until the fifth anniversary of the date of grant. For awards made in October 2016 and October 2017, the holding period applies to 50% of any shares which vest. For awards made in November 2018, and all subsequent awards, the holding period applies to 100% of any shares that vest. The awards will accrue dividends paid over the performance and any holding period. LTIP awards are equity settled. Awards are exercisable between October 2019 and November 2032.

**Sharesave Scheme**

Under the terms of the Sharesave Scheme, the Board grants options to purchase ordinary shares in the Company to employees with at least three months service who enter into an HM Revenue & Customs approved Save-As-You-Earn (SAYE) savings contract for a term of three years. Options are granted at up to a 20% discount to the market price of the shares on the date of offer and are normally exercisable for a period of six months after completion of the SAYE contract. Options are exercisable between August 2023 and January 2027. The range of exercise prices for SAYE options outstanding at the year-end was 1,400.00p to 1,609,60p (2023 1,325.60p to 1,609.60p).

**Performance Share Plan (PSP)**

Under the terms of the Performance Share Plan, the Board may grant conditional awards to executives. The exercise of awards is conditional on the achievement of a performance target, which is determined by the Board at the time of grant. The executive directors do not participate in this Plan. PSP awards are equity settled. Awards are exercisable between October 2017 and November 2032.

**Deferred Bonus Plan (DBP)**

The Deferred Bonus Plan is applicable to executive directors only. Under the terms of the DBP, any bonus payable over target is deferred into shares for a period of up to three years. One third of the deferred shares are released on each anniversary of the bonus.

At 31 August 2024, 117,516 shares remain deferred in accordance with this plan (2023: 73,049 shares).

**WH Smith Retail Holdings Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 August 2024**

**19. Contingent liabilities**

Potential liabilities that could crystallise are in respect of previous assignments of leases where the liability could revert to the Company if the lessee defaulted. The Company's 65% share of these leases has an estimated future gross rental commitment at 31 August 2024 of £767,000 (2023: £857,000). The movement in the future rental commitment is due to the crystallisation of lease liabilities, lease expiries and the effluxion of time.

Alongside other Group companies, the Company is a guarantor on the Group's £400,000,000 revolving credit facility ("RCF") which matures on 13 June 2029. The RCF has one remaining uncommitted extension option of one year, which would, subject to lender approval, extend the maturity date to 13 June 2030 if exercised.

The RCF is provided by a syndicate of banks: Barclays Bank PLC, BNP Paribas, Citibank N.A. London Branch, Fifth Third Bank National Association, HSBC UK Bank PLC, JP Morgan Securities PLC, PNC Capital Markets LLC, Banco Santander SA London Branch and Skandinaviska Enskilda Banken AB (PUBL). Utilisation is interest bearing at a margin over SONIA. As at 31 August 2024 the Group had drawn down £117,000,000 on the RCF. As at 31 August 2024 the Company has not drawn on the facility.

**20. Events after the balance sheet date**

In September 2024, the Trustee of the WHSmith Pension Trust transferred the surplus assets in the scheme to the Company, comprising cash of c.£75,077,000 and an investment in Permira Credit Solutions III Fund of c.£12,276,000 following finalisation of the buy-out of the defined benefit liabilities in the Retail Section of the WHSmith Pension Trust. The transfer of assets was net of applicable taxes payable by the Trust of taxes owed to HMRC, which were settled by the Trustee. As agreed with the Trustee, the return of the surplus preceded the formal winding up steps of the Retail Section.

Following the publication of an HMRC newsletter on 24 October 2024, the Company has become aware of a difference in interpretation of the rules on the calculation of the tax due between the Trustee and HMRC on the surplus arising from the buy out of the defined benefit pension scheme. As a result, the Company could be required to reimburse the Trustee c.£6,000,000. This has not been recorded as a liability in the financial statements of the Company as at 31 August 2024.

**21. 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.

**22. Ultimate and immediate 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 HS Limited, a company 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