

HOLBEIN TRUSTEES LIMITED

Report and Financial Statements

Year ended 31 August 2001



**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**

HOLBEIN TRUSTEES LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

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HOLBEIN TRUSTEES LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

COMPANY INFORMATION

DIRECTORS

I Houghton
J M Taylor

SECRETARY

I Houghton

REGISTERED OFFICE

Greenbridge Road
Swindon
Wiltshire
SN3 3RX

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

HOLBEIN TRUSTEES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 August 2001.

ACTIVITIES

The company acts solely as trustee for a share award scheme and deferred share bonus scheme operated by WH Smith PLC.

RESULTS FOR THE YEAR

The results for the year are set out on page 6. In the opinion of the directors there will be no change to activities of the company for the foreseeable future.

DIVIDENDS

The directors do not recommend the payment of a dividend (2000 – £nil).

DIRECTORS

The names of the directors who served throughout the year are shown on page 1.

DIRECTORS' SHARE INTEREST

As Mr J M Taylor is a Director of WH Smith PLC, his interests in the shares and debentures of that company are not required to be recorded in the Registered of Directors' Share Interests of this company.

Mr I Houghton had the following beneficial interest in the ordinary shares of WH Smith PLC at 31 August 2001 and 31 August 2000.

Share options	31 August 2001	Granted in the year	Exercised/lapsed in the year	31 August 2000
I Houghton	69,985	33,376	nil	36,609

The directors have no other beneficial interests in Group companies.

EUROPEAN MONETARY UNION

The company has reviewed the implications of European Monetary Union and the issues arising from the introduction of the Euro are being addressed.

ELECTIVE RESOLUTIONS

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

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

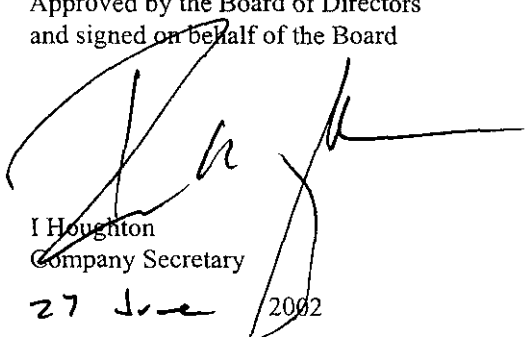
HOLBEIN TRUSTEES LIMITED

DIRECTORS' REPORT

AUDITORS

Deloitte & Touche will continue in office as auditors.

Approved by the Board of Directors
and signed on behalf of the Board



I Houghton
Company Secretary

27 June 2002

HOLBEIN TRUSTEES LIMITED

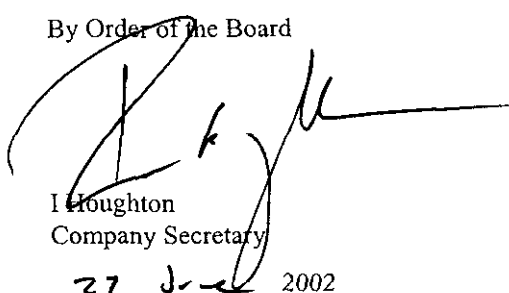
STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control and safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



I. Houghton
Company Secretary

27 June 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOLBEIN TRUSTEES LIMITED

We have audited the financial statements of Holbein Trustees Limited for the year ended 31 August 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 8. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

Hill House

1 Little New Street

London EC4A 3TR

28 June 2002

HOLBEIN TRUSTEES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 August 2001

	Note	2001 £	2000 £
OPERATING PROFIT		-	-
Investment income		-	276
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	276
Tax on profit on ordinary activities	2	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION, TRANSFERRED TO RESERVES		-	276

All results derive from continuing activities. There are no recognised gains or losses other than as stated above. Accordingly, no statement of total recognised gains or losses is given.

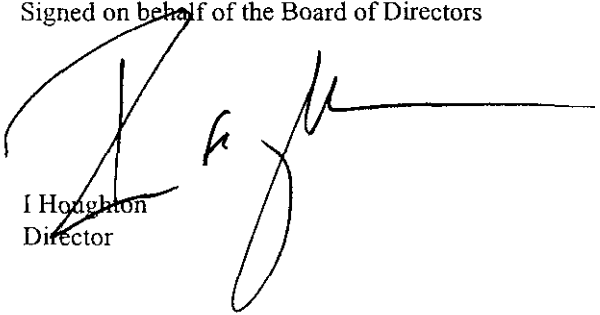
HOLBEIN TRUSTEES LIMITED

BALANCE SHEET 31 August 2001

	Note	2001 £	2000 £
CURRENT ASSETS			
Debtors	3	665	665
Cash		276	276
		<u>941</u>	<u>941</u>
CAPITAL AND RESERVES			
Called up share capital	4	2	2
Profit and loss account	5	939	939
		<u>941</u>	<u>941</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>941</u>	<u>941</u>

These financial statements were approved by the Board of Directors on 27 June 2002.

Signed on behalf of the Board of Directors


I Houghton
Director

HOLBEIN TRUSTEES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 August 2001

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

2. TAX ON PROFIT ON ORDINARY ACTIVITIES

All current year's liabilities in respect of taxation are to be met by the parent company.

3. DEBTORS

	2001 £	2000 £
Amount owed by parent company	665	665

The amount owed by the parent company represents a loan which is interest free and has no fixed date of repayment.

4. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised 100 ordinary shares of £1 each	100	100
Allotted and fully paid 2 ordinary shares of £1 each	2	2

5. PROFIT AND LOSS ACCOUNT

	2001 £	2000 £
At 1 September 2000	939	663
Retained profit for the year	-	276
	939	939

6. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3(c) of FRS8, Related Party Disclosures, not to disclose transactions with WH Smith group companies and interests of the group which are related parties.

7. RESULTS FOR THE FINANCIAL YEAR

There were no directors' emoluments, and there were no employees during the current or preceding year. Auditors' remuneration is paid by another group company.

HOLBEIN TRUSTEES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 August 2001

8. ULTIMATE PARENT COMPANY

The ultimate parent and controlling company is WH Smith PLC, a company incorporated in Great Britain and registered in England and Wales. This is the smallest and largest group including the company for which consolidated financial statements are prepared. The immediate parent company is WH Smith (Holdings) Limited which is incorporated in Great Britain.

Copies of both sets of financial statements are available from:

The Company Secretary
WH Smith PLC
Greenbridge Road
Swindon
Wiltshire
SN3 3RX