Company Registration No. SCO05175

ROBERT GIBSON & SONS, GLASGOW, LIMITED

Report and Financial Statements

Five Months ended 31 August 2002



REPORT AND FINANCIAL STATEMENTS 2002

CONTENTS

	Page
Company information	1
Directors' report	2-3
Statement of directors' responsibities	4
Independent auditors' report	5
Profit and loss account	6
Statement of total recognised gains and losses and note of historical cost profits and losses	7
Balance sheet	8
Notes to the financial statements	9-14

REPORT AND FINANCIAL STATEMENTS 2002

COMPANY INFORMATION

DIRECTORS

T M Hely Hutchinson
C Fairbairn
P Walters

SECRETARY

C Fairbairn

REGISTERED OFFICE

2A Christie Street
Paisley
Glasgow
PA1 1NB

COMPANY NUMBER

SCO05175

ACCOUNTANTS
Deloitte & Touche
Chartered Accountants
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the five months ended 31 August 2002.

PARENT COMPANY

The company is now a wholly owned subsidiary of Hodder Headline Limited having been acquired by Hodder Headline Limited on 29 August 2002. Its ultimate parent company is WH Smith PLC.

PRINCIPAL ACTIVITIES

The company was principally engaged in the publishing and sale of books.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

On its acquisition by Hodder Headline Limited on 29 August 2002 the company changed its year end from 31 March to 31 August. Accordingly the results shown in these financial statements are for the five month period to 31 August 2002 with comparatives for the 12 month period to 31 March 2002.

There was a loss on ordinary activities before taxation of £250,000 for the five months to 31 August 2002 (year to 31 March 2002: loss of £492,000).

Since 1 September 2002, the trade of the company has largely been carried out by Hodder & Stoughton Limited, its sister company within the Hodder Headline Group.

DIRECTORS

The names of the present directors of the company are shown on page 1.

The following changes took place in the composition of the Board of Directors between 1 April 2001 and the date of this report:

	Appointed	Resigned
RGC Gibson		30 August 2002
MM Pinkerton		30 August 2002
HC Crawford		30 August 2002
NJ Crawford		30 August 2002
TM Hely Hutchinson	30 August 2002	
C Fairbairn	30 August 2002	
P Walters	30 August 2002	

DIRECTORS' SHARE INTERESTS

All the current directors are also directors of Hodder Headline Limited and Mr T M Hely Hutchinson is also a director of WH Smith PLC, the ultimate parent company. Their interests in the shares of WH Smith PLC are disclosed in the financial statements of Hodder Headline Limited and WH Smith PLC accordingly.

None of the directors have any interests in any other Group companies.

AUDITORS

Deloitte & Touche has informed the directors that they have transferred their business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be known as Deloitte & Touche LLP. It is the current intention of the directors to use the Company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time.

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

T Hely Hutchinson
Director
4 September 2003



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by United Kingdom company law 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board.



T Hely Hutchinson
Director
4 September 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROBERT GIBSON & SONS, GLASGOW, LIMITED

We have audited the financial statements of Robert Gibson & Sons, Glasgow, Limited for the five month period ended 31 August 2002 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As 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 audit 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 2002 and of its loss for the five month period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
London
4 September 2003

Period ended 31 August 2002

PROFIT AND LOSS ACCOUNT

DISCONTINUED OPERATIONS	Note	Five months ended 31 August 2002 £'000	Year ended 31 March 2002 £'000
TURNOVER	2	421	882
Cost of sales		(91)	(403)
Gross profit		330	479
Administrative expenses		(592)	(1,213)
Other operating income		-	10
OPERATING LOSS	2	(262)	(724)
Profit on sale of fixed assets	4	11	211
Interest receivable		1	21
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(250)	(492)
Tax on loss on ordinary activities	5	-	24
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE PERIOD/YEAR	12	(250)	(468)

Period ended 31 August 2002

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		Five months ended 31 August 2002 £'000	Year ended 31 March 2002 £'000
Loss for the financial period/year		(250)	(468)
Unrealised losses on investments		-	(32)
Transfer from deferred tax		-	25
TOTAL RECOGNISED LOSSES RELATING TO THE PERIOD/YEAR	12	(250)	(475)

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	Five months ended 31 August 2002 £'000	Year ended 31 March 2002 £'000
Loss on ordinary activities before taxation	(250)	(492)
Realisation of property valuation gains of prior years	106	-
HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(144)	(492)
HISTORICAL COST LOSS FOR THE PERIOD/YEAR RETAINED AFTER TAXATION	(144)	(468)

BALANCE SHEET
31 August 2002

	Note	31 August 2002 £'000	31 March 2002 £'000
FIXED ASSETS			
Tangible assets	6	-	39
Investments	7	-	963
		-	1,002
CURRENT ASSETS			
Stock	8	140	161
Debtors	9	353	144
Cash at bank and in hand		1,141	586
		1,634	891
CREDITORS: amounts falling due within one year	10	(211)	(220)
NET CURRENT ASSETS		1,423	671
TOTAL NET ASSETS LESS CURRENT LIABILITIES		1,423	1,673
CAPITAL AND RESERVES			
Share Capital – equity	11	10	10
Share Capital – non equity	11	3	3
Revaluation reserve	12	-	106
Profit and loss account	12	1,410	1554
TOTAL SHAREHOLDERS' FUNDS		1,423	1,673
Equity		1,420	1,670
Non equity		3	3
TOTAL		1,423	1,673

These accounts were approved by the Board of Directors on 4 September 2003

Signed on behalf of the Board of Directors

T Hely Hutchinson
Director

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 August 2002

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention except that certain fixed assets are shown at their revalued amounts.

In accordance with FRS1 (Revised), a statement of cash flows has not been prepared as cash flow information has been shown in the financial statements of the ultimate parent company.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets over their expected useful lives.

The rates generally applicable are:

Freehold properties	2% per annum straight line
Motor vehicles	25% per annum reducing balance
Furniture and equipment	15% per annum reducing balance
Plates and copyrights	25% per annum reducing balance

Investments

Investments are initially included at cost, less amounts written off. Listed investments are revalued each year and shown at their market value, with the resulting surplus taken to the revaluation reserve. Profits or losses arising from the disposal of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and libilities are not discounted.

Contributions to pension funds

The company operates a defined contribution pension scheme. Pension costs charged against profit represent the amount of the contributions payable in respect of the accounting period.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 August 2002

2. TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

An analysis of turnover by geographical market is given below:

	Five Months ended 31 August 2002 £'000	Year ended 31 March 2002 £'000
United Kingdom	90	556
Rest of World	331	326
	421	882

All turnover arises from one class of business.

The loss on ordinary activities is stated after charging / (crediting):

	Five Months ended 31 August 2002 £'000	Year ended 31 March 2002 £'000
Depreciation of tangible fixed assets, owned	-	38
Pension contributions	243	55

Audit fees in the current year have been borne by the immediate parent company, Hodder Headline Limited.

3. DIRECTORS' REMUNERATION

	Five Months ended 31 August 2002 £'000	Year ended 31 March 2002 £'000
Emoluments	92	487
Compensation for loss of office	30	-
Pension contributions to money purchase pension scheme	243	55

Retirement benefits were accruing to directors under schemes as follows:

	Number	Number
Defined contribution pension schemes	4	4

4. EXCEPTIONAL ITEMS

	Five Months ended 31 August 2002 £'000	Year ended 31 March 2002 £'000
Profit of sale of tangible fixed assets, including freehold property, and fixed asset investments	11	209

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 August 2002

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	Five Months ended 31 August 2002 £'000	Year ended 31 March 2002 £'000
UK corporation tax – 30% (31 March 2002: 20%)	-	-
Prior year adjustment	-	(24)
	-	(24)
Reconciliation of current tax charge:		
Tax on losses at UK standard rate of corporation tax – 30% (31 March 2002: 20%)	(75)	(99)
Deferred tax not equalised in revaluation reserve	32	
Tax losses carried back	-	24
Tax losses carried forward	43	75
	-	(24)

Factors that may affect the future tax charge:

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses of £155,000 (31 March 2002: £75,000). The recoverability of this asset is uncertain. There are no other material provided or unprovided deferred tax balances.

6. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Motor vehicles £'000	Furniture & equipment £'000	Plates & Copyright £'000	Total £'000
Cost or valuation					
At 1 April 2002	10	84	95	19	208
Disposals	(10)	(84)	(95)	(19)	(208)
At 31 August 2002	-	-	-	-	-
Depreciation					
At 1 April 2002	4	55	91	19	169
Disposals	(4)	(55)	(91)	(19)	(169)
At 31 August 2002	-	-	-	-	-
Net book value					
At 31 August 2002	-	-	-	-	-
At 31 March 2002	6	29	4	-	39

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 August 2002

7. FIXED ASSET INVESTMENTS

	£'000
Valuation	
At 1 April 2002	963
Disposals	(963)
At 31 August 2002	-
Net book value	
At 31 August 2002	-
At 31 March 2002	963

The investments related to offshore insurance bonds.

8. STOCK

	31 August 2002 £'000	31 March 2002 £'000
Raw Materials	6	12
Finished goods	134	149
	140	161

9. DEBTORS

	31 August 2002 £'000	31 March 2002 £'000
Trade debtors	314	107
Other debtors	15	10
Corporation tax	24	24
Prepayments	-	3
	353	144

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 August 2002

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 August 2002 £'000	31 March 2002 £'000
Bank overdraft	-	11
Trade creditors	21	2
Other taxes and social security	17	41
Accruals	173	166
	211	220

11. SHARE CAPITAL

	31 August 2002 £'000	31 March 2002 £'000
Authorised:		
10,000 Ordinary shares of £1 each	10	10
10,000 5% Cumulative preference shares of £1 each	10	10
	20	20
Allotted		
10,000 called up and fully paid Ordinary shares of £1 each	10	10
2720 5% called up and fully paid Cumulative preference shares of £1 each	3	3
	13	13

The 5% Cumulative preference shares of £1 each entitle the holder to receive a cumulative preferential dividend at the rate of 5% on the paid up capital and a right to the return of capital for each £1 of paid up capital at either a winding up or a repayment of capital. The preference shares do not entitle the holders to any further rights or other participation in the profits or assets of Robert Gibson & Sons, Glasgow, Limited nor do they carry any voting rights.

12. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 1 April 2002	106	1,554
Loss for the year	-	(250)
Realisation of revaluation of of fixed asset investments	(106)	106
At 31 August 2002	-	1,410

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 August 2002

13. PENSION SCHEME

The company operates a defined contribution pension scheme for the benefit of the directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contribution paid in the period amounts to £243,435 (year to 31 March 2002 : £55,000).

14. RELATED PARTIES

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 " Related Party Disclosures" not to disclose transactions with group companies which are related parties.

15. POST BALANCE SHEET EVENT

Effective from 1 September 2002 the trade of the company has been carried out by Hodder & Stoughton Limited, its sister company within the Hodder Headline Group.

16. PARENT COMPANY

Hodder Headline Limited, incorporated in Great Britain, is the company's immediate parent company. WH Smith PLC, incorporated in Great Britain, is the company's ultimate parent company and controlling entity. Copies of the Group Financial Statements of WH Smith PLC are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ. These are the only group financial statements into which the company's accounts are consolidated.