

Company no.: 00734421

**PENGUIN RANDOM HOUSE LIMITED**

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

THURSDAY



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27/09/2018 #392  
COMPANIES HOUSE

## PENGUIN RANDOM HOUSE LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their Strategic Report on the company for the year ended 31 December 2017.

#### Principal activities

Penguin Random House Limited acts as the intermediate holding company for entities under the Penguin Random House Group, except for those entities within the United States of America. The principal activity of the company's subsidiaries continues to be publishing, warehousing and the distribution of books. The company is also the holding company for several dormant entities.

#### Review of the business

The results and financial position of the company are set out in the attached financial statements. As a result of higher dividends received the company made a profit for the financial year of £16,032,916 (2016: loss of £24,191,908).

#### Key Performance Indicators ("KPI's")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

#### Principal risks and uncertainties

The company is subject to risk management procedures and an annual risk assessment implemented by the ultimate parent company, Bertelsmann SE & Co KGaA. The company's only significant risk is that the results of its subsidiaries might deteriorate with the consequent need for the company to impair its investments. There is a similar risk with the company's loans to group undertakings.

On behalf of the Board



M DOHLE  
Director

16 September 2018

## PENGUIN RANDOM HOUSE LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements of the company for the year ended 31 December 2017.

#### Future developments

The directors do not anticipate any significant changes in the activities of the company.

#### Dividends

Dividends of £279,346,390 (2016: £39,357,788) were declared during the year. The company paid the final dividend of £200,446,190 on 3 April 2018.

#### Financial instruments

It is the company's policy to implement financial risk management objectives and policies, for each major type of forecasted transaction for which hedge accounting is used. The directors consider the entity's exposure to price risk, credit risk, liquidity risk and cash flow risk as not significant.

#### Directors

The directors who held office during the year and up to the date of signing this report were as follows:

Milena Alberti	Resigned on 31 December 2017
Emmanuel Roman	Resigned on 31 December 2017
Lauren Zalaznick	Resigned on 31 December 2017
John Joseph Fallon	
Markus Franz-Josef Dohle	
Thomas Andreas Gotz	
Thomas Hermann Rabe	
Bernd Hirsch	
Philip Joseph Hoffman	Resigned on 31 December 2017
Gail Rebuck	
Coram Williams	

#### Post balance sheet events

Please refer to note 17 in the financial statements for details of the post balance sheet events.

## PENGUIN RANDOM HOUSE LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

#### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



MARKUS DOHLE  
Director

26 September 2018

## PENGUIN RANDOM HOUSE LIMITED

### ***Independent auditors' report to the members of Penguin Random House Limited***

#### **Report on the audit of the financial statements**

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##### **Opinion**

In our opinion, Penguin Random House Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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, which comprise: the Balance Sheet as at 31 December 2017; the Profit and Loss Account and Statement of Comprehensive Income for the year then ended and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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##### **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.

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##### **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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##### **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.

## PENGUIN RANDOM HOUSE LIMITED

### ***Independent auditors' report to the members of Penguin Random House Limited (continued)***

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#### **Reporting on other information (continued)**

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 December 2017 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 the Directors' Responsibilities set out on page 3, 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.

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.

PENGUIN RANDOM HOUSE LIMITED

***Independent auditors' report to the members of Penguin  
Random House Limited (continued)***

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**Other required reporting**

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**Companies Act 2006 exception reporting**

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

- we have not received 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.



Philip Stokes (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

26 September 2018

# PENGUIN RANDOM HOUSE LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Administrative expenses		(521)	(446)
Operating loss	4	(521)	(446)
Income from shares in group undertakings	6	35,176	92
Amounts written off investments	7	(23,062)	(29,227)
Loss on sale of fixed asset investments		(328)	-
<b>Profit/ (loss) on ordinary activities before interest and taxation</b>		<b>11,265</b>	<b>(29,581)</b>
Interest receivable and similar income	8	11,451	14,124
Interest payable and similar expenses	8	(5,683)	(8,622)
<b>Profit/ (loss) on ordinary activities before taxation</b>		<b>17,033</b>	<b>(24,079)</b>
Tax on profit/(loss) on ordinary activities	9	(1,000)	(113)
<b>Profit/ (loss) for the financial year</b>		<b>16,033</b>	<b>(24,192)</b>

The notes on pages 11 to 28 are an integral part of these financial statements.



**PENGUIN RANDOM HOUSE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2017**


	2017 £'000	2016 £'000
Profit/(loss) for the financial year	16,033	(24,192)
Other comprehensive income for the year	-	-
<b>Total comprehensive income/(expense) for the year</b>	<b>16,033</b>	<b>(24,192)</b>

**PENGUIN RANDOM HOUSE LIMITED****BALANCE SHEET**  
**As at 31 December 2017**

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Investments	10	656,153	667,074
		<u>656,153</u>	<u>667,074</u>
<b>Current assets</b>			
Debtors	11	236,442	201,865
Cash at bank and in hand		67,559	73,503
		<u>304,001</u>	<u>275,368</u>
Creditors: amounts falling due within one year	12	(528,089)	(255,139)
<b>Net current (liabilities)/assets</b>		<u>(224,088)</u>	<u>20,229</u>
<b>Total assets less current liabilities</b>		<u>432,065</u>	<u>687,303</u>
<b>Net assets</b>		<u>432,065</u>	<u>687,303</u>
<b>Capital and reserves</b>			
Called up share capital	14	75,300	75,200
Share premium account		12,772	454,797
Retained earnings		343,993	157,306
<b>Total equity</b>		<u>432,065</u>	<u>687,303</u>

The notes on pages 11 to 28 are an integral part of these financial statements.

The financial statements on pages 7 to 28 were authorised for issue by the board of directors on **26** September 2018 and were signed on its behalf.



MARKUS DOHLE  
Director

# PENGUIN RANDOM HOUSE LIMITED

## STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2017

	Note	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
<b>Balance as at 1 January 2016</b>		75,100	645,331	20,856	741,287
<b>Changes in equity</b>					
Issued during the year		100	9,466	-	9,566
Share premium reduction		-	(200,000)	200,000	-
Dividends	15	-	-	(39,358)	(39,358)
Loss for the year		-	-	(24,192)	(24,192)
<b>Balance as at 31 December 2016</b>		<u>75,200</u>	<u>454,797</u>	<u>157,306</u>	<u>687,303</u>
<b>Changes in equity</b>					
Issued during the year		100	7,975	-	8,075
Share premium reduction*		-	(450,000)	450,000	-
Dividends	15	-	-	(279,346)	(279,346)
Profit for the year		-	-	16,033	16,033
<b>Balance as at 31 December 2017</b>		<u>75,300</u>	<u>12,772</u>	<u>343,993</u>	<u>432,065</u>

\* In December 2017 the company undertook a £450m reduction of share premium which was transferred to retained earnings.

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

### 1 GENERAL INFORMATION

Penguin Random House Limited is a company limited by shares, incorporated in England. Its registered office is 80 Strand, London, WC2R 0RL. The company's principal place of business is at Penguin Random House, 20 Vauxhall Bridge Road, London, SW1V 2SA.

### 2 STATEMENT OF COMPLIANCE

The individual financial statements of Penguin Random House Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

#### Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention as modified by certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting 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 below.

The company is exempt, by virtue of s400 of the Companies Act 2006, from the requirement to prepare group financial statements, as they are included in the consolidated financial statements of Bertelsmann SE & Co KGaA which are publicly available. These financial statements present information about the company as an individual undertaking and not about the group.

#### Going concern

The financial statements are prepared on a going concern basis notwithstanding the net current liabilities in the balance sheet at the year end. On 3 April 2018, Bertelsmann Business Support S.a r.l., a subsidiary of the company's ultimate parent company, Bertelsmann SE & Co. KGaA, provided a loan to the company of £200,446,190 with a maturity date of 3 April 2023. With this support the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next twelve months from the date of approval of these financial statements. As a result, the company continues to adopt the going concern basis in preparing its financial statements.

#### Exemption for qualifying entities under FRS 102

The company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that its ultimate parent company, Bertelsmann SE & Co KGaA, has prepared consolidated financial statements which are publicly available and included the company's cash flows in its consolidated cash flow statement;
- ii) from disclosing related party transactions with wholly owned subsidiaries of the company;
- iii) certain financial instruments disclosures, required under 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29 as equivalent disclosures are provided in the consolidated financial statements of Bertelsmann SE & Co KGaA in which the company is consolidated; and
- iv) from reconciling the number of shares outstanding at the beginning and end of the period.

## PENGUIN RANDOM HOUSE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

#### 3 ACCOUNTING POLICIES (continued)

##### New standards, amendments and IFRIC interpretations

No new accounting standards or amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2017 have had a material impact on the company.

##### Dividend income

Dividend income is recognised when the right to receive payment is established.

##### Taxation

The tax expense for the period comprises current tax only and is recognised in the profit and loss account.

The current income tax charge is the amount of income tax payable in respect of the taxable profit for the year or prior years and is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### Investments

###### *i) Investments in subsidiary company*

Investments are stated at cost and a provision is made for impairment. Investments are tested for a triggering event and reflect changes in circumstances that indicate the carrying value may not be recoverable at each balance sheet date. For the purposes of assessing the impairment of investments, the company performs discounted cash flows to compare the carrying amount of the investment value to the equity value. The company uses budgeted profits, projected cash flows and weighted average cost of capital in order to determine whether any impairment is required. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of impairment loss is recognised in the profit and loss account.

###### *ii) Investments in associate*

Investments in associate are held at cost less accumulated impairment losses. Impairment reviews have been undertaken and these are reflected in note 10.

##### Currency translation

###### *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in pound sterling, which is also the functional currency of the company.

###### *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account within 'Administrative expenses'.

## PENGUIN RANDOM HOUSE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

(continued)

#### 3 ACCOUNTING POLICIES (continued)

##### Financial assets

Basic financial assets, including debtors, cash and bank balances, are initially recognised at transaction price and subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### Financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished. This occurs when the contractual obligation is discharged, cancelled or expires.

##### Derivative financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments, selecting the option to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS 102.

A derivative financial instrument is initially recognised at its fair value, which is usually the transaction price, on the date the contract is entered into and is subsequently carried at its fair value.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in the profit and loss account when the changes arise.

##### *Currency Forwards*

The company has entered into currency forwards against highly probable forecasted transactions in foreign currencies. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the date of the balance sheet. Any differences are taken to the profit and loss account.

##### *Fair value estimation of financial assets and liabilities*

The fair values of currency forwards are determined using actively quoted forward exchange rates.

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

	2017 £'000	2016 £'000
4 OPERATING PROFIT/(LOSS)		
Operating profit/(loss) is stated after charging:		
Auditors' remuneration:		
Audit of the financial statements	47	117
	<hr/>	<hr/>
5 EMPLOYEES AND DIRECTORS		
<i>Employees</i>		
The company had no employees during 2017 (2016: nil).		
<i>Directors</i>		
The emoluments of the directors are paid by the other companies. Directors' services to this company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the company that employs them. Accordingly, there are no (2016: £nil) emoluments in respect of the directors.		
	2017 £'000	2016 £'000
6 INCOME FROM SHARES IN GROUP UNDERTAKINGS		
Dividends received from unlisted investments		
Random House Holdings Limited	100	-
Penguin Books (SA) Pty Ltd	1,003	-
Penguin Books Ltd	34,000	-
Penguin Books Benelux BV	73	92
	<hr/>	<hr/>
	35,176	92
	<hr/>	<hr/>
	2017 £'000	2016 £'000
7 AMOUNTS WRITTEN OFF INVESTMENTS		
Impairment of investments in group undertakings		
Dorling Kindersley Limited	10,000	26,639
Comphania de Letras	13,062	(9,217)
Penguin Australia Pty Ltd	-	11,121
Penguin Group (Hong Kong) Ltd	-	552
Penguin Random House Korea LLC	-	132
	<hr/>	<hr/>
	23,062	29,227
	<hr/>	<hr/>

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

(continued)

	2017 £'000	2016 £'000
8 INTEREST RECEIVABLE/(PAYABLE)		
Interest receivable and similar income:		
Interest on loans to group undertakings	5,767	7,101
Other interest receivable	1,220	568
Cross guarantee fee	2,512	86
Gain on foreign exchange	1,952	6,369
	<hr/> 11,451 <hr/>	<hr/> 14,124 <hr/>
Interest payable and similar expenses:		
Interest on loans from group undertakings	(1,830)	(1,698)
Interest on loans from shareholders	(539)	(371)
Commitment fees payable	(549)	(705)
Other interest payable	(1,048)	(1,020)
Loss on derivatives	(1,717)	(4,828)
	<hr/> (5,683) <hr/>	<hr/> (8,622) <hr/>



# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

(continued)

9	TAX ON PROFIT/(LOSS)	2017 £'000	2016 £'000
(a)	Analysis of tax charge for the year		
	Current tax:		
	Amount payable for UK group relief and corporation tax	930	1,018
	Overseas Tax	50	211
	Double Tax relief	-	(211)
	Adjustments in respect of prior years	20	(905)
		1,000	113

- (b) The current year tax charge represents amounts payable to fellow UK subsidiaries of the Bertelsmann group in respect of current year tax losses surrendered in the UK.

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017, with further reduction to 17% from 1 April 2020. Accordingly the company's profits/losses are taxed at an effective rate of 19.25% (2016: 20%).

The tax assessed for the year differs from (2016: differs from) the standard effective rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Profit/(loss) on ordinary activities before taxation	17,033	(24,079)
Corporation tax at standard rate of 19.25% (2016: 20%)	3,279	(4,816)
Effects of:		
Expenses not deductible for tax purposes	4,510	5,852
Income not taxable	(6,771)	(18)
Withholding tax not deductible	50	-
Group relief at lower rate	(88)	-
Adjustments in respect of prior years	20	(905)
	1,000	113

### *Deferred tax*

Deferred tax has not been provided as the company has no temporary differences.

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

10	INVESTMENTS	Shares in group undertakings £'000
	Cost:	
	At 1 January 2017	738,238
	Additions	15,405
	Transfers	1,523
	Disposals	(8,072)
	At 31 December 2017	747,094
	Provision for impairment:	
	At 1 January 2017	(71,164)
	Charge for the year	(23,062)
	Disposals	3,285
	At 31 December 2017	(90,941)
	Net book value:	
	At 31 December 2017	656,153
	At 31 December 2016	667,074

The company's investments in group undertakings are listed in note 19.

During the year there were capital increases of £10,000,000 (2016: £nil) in Dorling Kindersley Limited and £5,404,720 (2016: £nil) in Penguin Books India Private Limited, which did not change the percentage of ownership in either investment any further. The transfer is in relation to the reclassification from The Random House Group Limited of the investment held in Penguin Random House South Africa (Pty) Limited. The disposals are in relation to Penguin Publishing Singapore Pte Limited and Penguin Books Malaysia Sdn Bhd, which resulted in a net loss of £228,418 on disposal. Also included in disposals is the dissolution of Random House Holdings Limited on 19 September 2017, which resulted in a net loss of £100,000 on disposal.

Impairment charges for the year of £10,000,000 (2016: £26,638,950) and £13,062,020 (2016: £9,217,451 reversal) were recorded in respect to the investments in Dorling Kindersley Limited and Companhia de Letras respectively.

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

	2017 £'000	2016 £'000
<b>11 DEBTORS</b>		
Amounts owed by group undertakings	232,008	187,789
Corporation tax	2,682	2,303
Other debtors	376	646
Group relief receivable	1,376	11,127
	<hr/> 236,442	<hr/> 201,865

Amounts owed by group undertakings are unsecured, repayable on demand and incur interest. The majority of the balance relates to funds owed under cash pooling agreements. The average interest rate charged on the cash pooling receivables was 3.00% (2016: 3.01%).

	2017 £'000	2016 £'000
<b>12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Amounts owed to group undertakings	525,271	244,922
Group relief payable	-	9,198
Other creditors	2,382	691
Accruals and deferred income	436	328
	<hr/> 528,089	<hr/> 255,139

Amounts owed to group undertakings are unsecured, repayable on demand and incur interest. Included within this balance is £nil (2016: £70,000,000) under the facility agreement of US\$250m with shareholders. This facility was valid until 1 July 2018. Interest was charged at an average of LIBOR plus 2% on this loan.

On 8 March 2017 a promissory note between the company, as lender, and Penguin Random House LLC ("PRH LLC"), as borrower, was entered into for a value of US\$150m. Under the terms of the promissory note, interest was charged at an average of LIBOR plus 2% on the unpaid balance of revolving loans at any time outstanding. On 20 September 2018 this was superseded with a new promissory note for an increased amount of US\$200m. All terms and conditions of the new promissory note remained the same.

Included in amounts owed to group undertakings is £76,467,216 (2016: £79,821,248) owed to Penguin Books Limited ("PBL") under cash pooling arrangements. On 20 September 2018 PBL signed an addendum to the cash pooling agreement dated 2/8 July 2013 with the commitment not to call for £50,000,000 of the balance owed to them by the company. The addendum is provided for at least the next twelve months from the date of the audit report and shall automatically terminate and lapse after the expiry of such period of time, but at the latest on 30 September 2019.

Also included within this balance is the final dividend payable of £200,446,190 (2016: £nil) which was paid on 3 April 2018. The remaining amounts owed to group undertakings are balances owed under cash pooling agreements. The average interest rate charged on the cash pooling payables was 0.98% (2016: 1.01%).

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

### 13 FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	Note	2017 £'000	2016 £'000
<b>Financial assets at fair value through profit or loss</b>			
Other debtors	11	376	646
		<u>376</u>	<u>646</u>
<b>Financial assets measured at amortised cost</b>			
Amounts owed by group undertakings	11	232,008	187,789
		<u>232,008</u>	<u>187,789</u>
<b>Financial liabilities at fair value through profit or loss</b>			
Other creditors	12	2,382	691
		<u>2,382</u>	<u>691</u>
<b>Financial liabilities measured at amortised cost</b>			
Amounts owed to group undertakings	12	525,271	244,922
Accruals and deferred income	12	436	328
		<u>525,707</u>	<u>245,250</u>

#### **Derivative financial instruments**

The company enters into forward foreign currency contracts with Bertelsmann SE & Co KGaA to mitigate the exchange rate risk for certain foreign currency receivables and payables. At 31 December 2017, the outstanding contracts all mature within 3 months (2016: 3 months) of the year end. The company is committed to sell €4,264,000, CAN\$14,340,000 and AUD\$46,070,000 and buy MXN67,000,000, USD\$195,000,000 and NZD\$2,100,000, and receive or pay a fixed sterling amount.

The forward currency contracts are measured at fair value which is determined using valuation techniques that utilise observable inputs. The company has no interest rate derivative financial instruments (2016: none).

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

(continued)

14	CALLED UP SHARE CAPITAL	2017 £'000	2016 £'000
	<b>Ordinary shares of £1 each</b>		
	<b>Allotted, called up and fully paid:</b>		
	At 1 January	75,200	75,100
	Issued during the year	100	100
	At 31 December	75,300	75,200

On 21 December 2017 100,000 ordinary shares of £1 each were issued at an aggregate premium of £7,974,781.

There are two classes of ordinary shares, A shares and B shares. The A and B shares vote together as a single class. There are no restrictions on the distribution of dividends and the repayment of capital.

15	DIVIDENDS	2017 £'000	2016 £'000
	Equity - ordinary		
	Final: £2.6620 (2016: £0.0564) per share	200,446	4,245
	Interim: £1.0492 (2016: £0.4669) per share	78,900	35,113
		279,346	39,358

## 16 CONTINGENT LIABILITIES

The company has given a guarantee in respect of a lease agreement dated 14 December 2017 entered into by wholly owned subsidiary companies. The access date under the lease agreement is 1 July 2019 so it is not practical to state the timing or amount of any possible payments. As any future payments are possible, but not probable, no provision for any liability has been made in these financial statements.

## 17 POST BALANCE SHEET EVENTS

On 3 April 2018, Bertelsmann Business Support S.a r.l., a subsidiary of the company's ultimate parent company, Bertelsmann SE & Co. KGaA, provided a loan to the company of £200,446,190 with a maturity date of 3 April 2023. On the same date, the company paid the dividend of £200,446,190 included in amounts owed to group undertakings at the balance sheet date.

## 18 RELATED PARTIES

The company's immediate parent company is Bertelsmann UK Limited, which owned 75%, and Pearson PRH Holdings Limited owned the remaining 25% at the balance sheet date. The company's ultimate parent Company is Bertelsmann SE & Co KGaA, which is incorporated in Germany, copies of whose consolidated financial statements (the smallest and largest groups of undertakings in which the company is consolidated) can be obtained from:

Bertelsmann SE & Co KGaA  
Corporate Communications  
Carl Bertelsmann Strasse 270  
Postfach 111  
D-33311 Gütersloh  
Germany

## PENGUIN RANDOM HOUSE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

#### 18 RELATED PARTIES (continued)

The company has taken advantage of the exemption, under the terms of FRS 102, not to disclose related party transactions with wholly owned subsidiaries of the company.

During the year the company entered into the following transactions with related parties not wholly owned by the company:

	2017 £'000	2016 £'000
Administrative expenses:		
RTL Group Support Services Ltd	48	135
Bertelsmann SE & Co KGaA	160	160
Bertelsmann Inc	72	-
Interest income:		
Penguin Random House LLC	2,512	86
Interest expense:		
Bertelsmann SE & Co KGaA	587	570
Penguin Random House LLC	891	832
Pearson Plc	500	506
Dividends paid and payable:		
Bertelsmann UK Limited	201,776	20,860
Pearson Plc	77,570	18,498
Debtors:		
Penguin Random House LLC	2,626	3,282
Creditors:		
Bertelsmann UK Limited	150,335	-
Penguin Random House LLC	145,017	325
Pearson Plc	50,112	32,957
Bertelsmann SE & Co KGaA	197	37,421
RTL Group Support Services Limited	-	36

## **PENGUIN RANDOM HOUSE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 December 2017**

(continued)

#### **19 INVESTMENTS IN GROUP UNDERTAKINGS**

Refer to the following table for the company's investments at 31 December 2017.

The company maintains an interest in undertakings which would normally be classified as associate undertakings. These undertakings are listed under "Investments" and "Indirect investments" in the table on the following pages.

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

### 19 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of shares	Registered Address
<b><u>Subsidiary undertakings</u></b>				
Dorling Kindersley Limited	Book Publishing	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL 7th Floor, Infinity Tower C, DLF Cyber City, Gurgaon, India, 122 002, Haryana
Dorling Kindersley Publishing Private Limited	Book Publishing	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Hugo's Language Books Limited	Dormant Entity	100	Ordinary	707 Collins St, Melbourne, Australia, 3008
Penguin Australia Pty Limited	Book Publishing	100	Ordinary	Herengracht 418 2, Amsterdam, Netherlands, 1017BZ
Penguin Books Benelux B.V.	Book Publishing	100	Nominal	80 Strand, London, United Kingdom, WC2R 0RL
Penguin Books Limited	Book Publishing	100	Ordinary	Suite 3313, Tower One, Times Square, 1 Matheson Street, Causeway Bay, HK
Penguin Group (Hongkong) Limited	Holding Company	100	Ordinary	7th Floor, Infinity Tower C, DLF Cyber City, Gurgaon, India, 122 002, Haryana
Penguin Random House India Private Limited	Book Publishing	100	Ordinary	7th Floor, ALA Tower, 16 Tongil-ro-2-gil, Jung-gu, Seoul
Penguin Random House Korea LLC	Book Publishing	100	Ordinary	
The Random House Group Limited	Book Publishing	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 0 Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 1 Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 2 Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 3 Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 4 Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 5 Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 6 Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA



# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

### 19 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of shares	Registered Address
Flanane 7 Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flanane 8 Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
<u>Indirect subsidiary undertakings</u>				
Aguilar, Altea, Taurus, Alfaguara S.A. de Ediciones	Book Publishing	100	Ordinary	Avenida Leandro N. Alem 720, Buenos Aires, Argentina, C1053CABA
Allen Lane The Penguin Press Limited	Dormant Entity	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Arrow Books Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Bantam Books Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Barrie & Jenkins Limited	Dormant Entity	98	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Bartlett Bliss Productions Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Bellew & Higon Publishers Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Business Books Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Carousel Books Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Century Benham Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Century Hutchinson Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Century Hutchinson Publishing Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Century Publishing Co. Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Chatto and Windus Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Children's Character Books Limited	Book Publishing	75	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Corgi Books Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Direct Group Grandes Obras, S.L.	Holding Company	100	Ordinary	Calle Travessera de Gracia, 47-49, Barcelona, Spain, 08021
Distribuidora Digital de Libros, S.A.	Ebook Distribution	53.32	Ordinary	Via Augusta, 48-50, Barcelona, Spain, 08006

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

### 19 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of shares	Registered Address
Distribuidora Penguin Random House S.A.S.	Distribution Services	100	Nominal	Aut. Medellin KM 1.7 Terrapuerto Industrial el Dorado BG 4, Cota (Cundinamarca), Columbia
Dorling Kindersley Publishers (South Africa) Pty Limited	Dormant Entity	100	Ordinary	Rosebank Office Park, Block D, 181 Jan Smuts Avenue, Parktown North, Johannesburg, South Africa, 2193
Dorling Kindersley Verlag GmbH	Book Publishing	100	Ordinary	Arnulfstraße 124, München, Germany, 80636
Dorling Kindersley Vision Limited	Dormant Entity	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Editorial Sudamericana Uruguay S.A.	Book Publishing	100	Ordinary	Yaguaron 1568, Montevideo, Uruguay
Frederick Warne & Co Limited	Book Publishing	100	Preference / Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Funfax Limited	Dormant Entity	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Grantham Book Services Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hamish Hamilton Children's Books Limited	Dormant Entity	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Hamish Hamilton Limited	Dormant Entity	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Hammond, Hammond and Company, Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Herbert Jenkins Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hurst & Blackett Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hutchinson & Co. (Publishers) Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hutchinson Books Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hutchinson Childrens Books Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Jackdaw Publications Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Jonathan Cape Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Ladybird Books Limited	Book Publishing	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Mainstream Publishing Company (Edinburgh) Limited	Book Publishing	100	Ordinary	54-66 Frederick Street, Edinburgh, United Kingdom, EH2 1LS

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

### 19 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of shares	Registered Address
Market Self S.A.	Distribution Services	50	Ordinary	Av. Paseo Colón 221, 6th Floor, Buenos Aires, Argentina, C1063ACC
Martin Secker and Warburg Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Michael Joseph Limited	Dormant Entity	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Pelham Books Limited	Dormant Entity	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Penguin (Beijing) Culture Development Co., Limited	Publishing Services	100	Ordinary	Room 1211, Tower D, Beijing Global Trade Centre, 36 North Third Ring Road East, Dongchang District, Beijing, China
Penguin Books Deutschland Gesellschaft mit beschränkter Haftung	Sales and Marketing Services	100	Ordinary	Arnulfstraße 124, München, Germany, 80636
Penguin Books S.A.	Book Distribution	100	Ordinary	9 Glorieta de Quevedo, 7th Floor, Madrid, Spain, 28015
Penguin Random House Australia Pty Limited	Book Publishing	100	Ordinary	Level 3 100 Pacific Highway, North Sydney, Australia, NSW 2060
Penguin Random House Canada Limited	Book Publishing	100	Ordinary	1 Toronto Street, Suite 300, Toronto, Canada, M5C2V6
Penguin Random House Grupo Editorial S.A.	Book Publishing	100	Ordinary	Calle Humberto Primo 545, Buenos Aires, Argentina, C1103ACK
Penguin Random House Grupo Editorial S.A.	Book Publishing	100	Ordinary	Av. Ricardo Palma 341, Of. 601, Miraflores, Lima, Peru
Penguin Random House Grupo Editorial S.A.S.	Book Publishing	100	Ordinary	Terrapuerto Industrial El Dorado Bodega No. 4, Autopista Medellín Km 1.7 Entrada Parque La Florida, Cota (Cundinamarca), Columbia
Penguin Random House Grupo Editorial, S.A.	Book Distribution	100	Ordinary	Merced 280, 6th Floor, Santiago de Chile, Chile, 8320128
Penguin Random House Grupo Editorial, S.A.U.	Book Distribution	100	Ordinary	Calle Travessera de Gracia, 47-49, Barcelona, Spain, 08021
Penguin Random House Grupo Editorial, S.A. de C.V.	Book Publishing	100	Ordinary	Miguel de Cervantes Saavedra 301, piso 1, col. Granada, del. Miguel Hidalgo, Mexiko-Stadt, Mexico, 11520
Penguin Random House Grupo Editorial, Unipessoal Lda.	Book Publishing	100	Ordinary	Praca Marques de Pombal, numero 1, 8º planta, Lissabon, Portugal, 1250-160

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

### 19 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of shares	Registered Address
Penguin Random House Ireland Limited	Editorial services	100	Ordinary	c/o EUGENE F. COLLINS Solicitors, Temple Chambers, 3 Burlington Road, Dublin, Ireland, 4
Penguin Random House New Zealand Limited	Book Publishing	100	Ordinary	67 Apollo Drive, Rosedale, Auckland, New Zealand, 0632
Penguin Random House South Africa (Pty) Limited	Book Publishing	100	Ordinary	Rosebank Office Park, Block D, 181 Jan Smuts Avenue, Parktown North, Johannesburg, South Africa, 2193
Plane Tree Publishers Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Random House Properties Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Random House Publishing Group Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Random House Struik Proprietary Limited	Dormant Entity	100	Ordinary	The Estuaries No 4, Oxbow Crescent, Century Avenue, Century City, Cape Town, South Africa, 8000
Random House UK Ventures Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
RHA Holdings Pty Limited	Dormant Entity	100	Ordinary	16 Dalmore Drive, Scoresby (Melbourne), Victoria 3179, Australia, 3179
Salspot Limited	Merchandising	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Sinclair - Stevenson Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Snowdog Enterprises Limited	Merchandising	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Snowman Enterprises Limited	Media rights for film	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Stanley Paul & Company Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
T. Werner Laurie, Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Tamarind Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Bodley Head Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Book Service Limited	Distribution and Support Services	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Cresset Press Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA

# PENGUIN RANDOM HOUSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017 (continued)

### 19 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of shares	Registered Address
The Harvill Press Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Hogarth Press Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Transworld Publishers Limited	Book Publishing	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Tundra Books of Northern New York, Inc.	Book Publishing	100	Common	18 Cornelia Street, Plattsburgh, County of Clinton, State of New York, USA, 12901
Ventura Publishing Limited	Book Publishing	100	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Virgin Books Limited	Book Publishing	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
WH Allen General Books Limited	Dormant Entity	100	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Woodlands Books Limited	Book Publishing	85	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
<b><u>Indirect investments</u></b>				
Bounce! Sales & Marketing Limited	Book Sales and Marketing	30.00	Ordinary	Hathaway House, Popes Drive, London, N3 1QF
Centro de Exportacion de Libros Espanoles, S.A.	Distribution Services	6.56	Ordinary	Calle Moratines, 11, 1B, Madrid, Spain, 28005
Comphania das Letras	Book Publishing	45.00	Ordinary	Rua Bandeira Paulista, 702, Suite 11/3, 04532-002, São Paulo, Brazil