

REGISTERED NUMBER: 00734421

PENGUIN RANDOM HOUSE LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020



PENGUIN RANDOM HOUSE LIMITED

COMPANY INFORMATION

Directors	John Joseph Fallon	Resigned 01/04/2020
	Markus Franz-Josef Dohle	Resigned 01/04/2020
	Thomas Andreas Gotz	Resigned 01/04/2020
	Thomas Hermann Rabe	Resigned 01/04/2020
	Bernd Hirsch	Resigned 01/04/2020
	Gail Rebuck	Resigned 01/04/2020
	Coram Williams	Resigned 01/04/2020
	James Johnston	Resigned 01/04/2020
	Mark Gardiner	Appointed 01/04/2020
	Thomas Weldon	Appointed 01/04/2020
	Robert Grant	Appointed 01/04/2020
Registered number	00734421	
Registered office	20 Vauxhall Bridge Road London SW1V 2SA	
Independent auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL	

PENGUIN RANDOM HOUSE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their Strategic Report for Penguin Random House Limited ("the Company" or "PRHL") for the year ended 31 December 2020.

Principal activities

The Company 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 lower dividends received the Company made a loss for the financial year of £5,714,000 (2019: profit £72,074,000).

Key Performance Indicators ("KPI's")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPI's 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 key risk consists of falling portfolio valuations and a lack of exit opportunities with its investments, resulting in the need to impair the carrying value of these investments. These risks are addressed through a standardized investment process and continuous monitoring of investments' performance by management. Another principal risk of the Company is that of potential mistakes when selecting investments and allocating investment funds. This risk is limited by means of strict investment criteria and processes. Integration processes are monitored by management on an ongoing basis to ensure the expected levels of costs and synergies materialize.

COVID-19

The safety of our employees is a major concern for us and the Company has implemented a comprehensive program of employee safety management and communication through each developing stage in the fight against this outbreak. We follow Government advice on safe working conditions and good business practice and we operate safe distancing of our employees during the course of their work.

We have very clear and regular communication channels in place with our client base to ensure that we align their expectations with our restricted capabilities in the current environment. This approach has enabled us to continue to support our clients through this crisis with minimal disruption. In turn this has continued to allow us to trade and operate our business successfully.

PENGUIN RANDOM HOUSE LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' section 172 statement

The Directors of the Company must act in accordance with a set of general duties, as detailed in section 172 of the UK Companies Act 2006, summarised as follows:

'A director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interest of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between the shareholders of the Company.'

The directors fulfil these duties as follows:

The interest of the Company's employees

The board recognises that employees are central to the long-term success of the Company. The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its prosperity. The Company encourages the involvement of employees by means of regular meetings with staff and staff representatives to keep them informed of the Company's progress. The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or sexual orientation.

Business relationships with suppliers, customers and others

The directors appreciate the importance of fostering business relationships with key stakeholders, such as customers and suppliers, and focus on the maintenance and growth of these relationships in their decision-making and strategic planning. The Company employs dedicated relationship managers to foster these relationships which also ensures the board has a high degree of visibility to take stakeholder considerations into account.

PENGUIN RANDOM HOUSE LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

PRH Streamlined Energy and Carbon Reporting Disclosure 2020

In compliance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"), the PRH group reports its global energy use and emissions relating to gas, electricity and transport fuel for the year ended 31 December 2020. Previous years 2018 and 2019 have been included to demonstrate Penguin Random House's commitment to reducing their energy use and greenhouse gas emissions.

This report is prepared for Penguin Random House Group Limited ('PRH UK') and reports figures for all subsidiaries within the Group, not just those subsidiaries required to disclose by the 2018 Regulations.

Energy Consumption - Green Electricity – PRH made the decision to purchase "Green Electricity" from October 2018 +

	2018	2019	2020
Total Energy Consumption kWh	15,545,232.75	10,913,478.29	9,960,952.52
Total Electricity Consumption kWh	9,528,918.67	6,402,661.44	5,479,417.62
Percentage "Green Electricity"	13.9%	100%	100%
Total Heat Consumption in kWh	5,779,650.25	4,278,974.46	4,365,107.95
Energy – Transport Fuels in kWh	236,663.83	231,842.39	116,426.95

Energy Efficiency actions in 2020

During the 2020 financial year PRH implemented several energy efficiency improvements, including:

- Penguin Random House UK Facilities replace end of life lighting with LED lights as standard practice reducing usage year on year.
- Thermal insulation installed at one of the main distribution centres.
- In response to the COVID-19 pandemic in 2020, we suspended all but essential business travel, improved video conferencing for all persons, purchased new technology equipment for remote working reducing the need for office staff commuting.
- Replaced Air Handling Units in one site for more energy efficient models.
- Moved one office to a more modern energy efficient building.

Targets

Penguin Random House UK is committed to managing environmental issues effectively across our entire value chain. We have set three key targets for the future

- **Zero by 30:** reduce our carbon footprint to become climate neutral in our direct operations by 2021, and in our wider supply chain by 2030
- **Sustainable sourcing:** ensure 100% of our paper and other core materials are ethically and sustainably sourced
- **Content:** use the power of our brand, books and authors to amplify the climate emergency and encourage positive behaviour change

PENGUIN RANDOM HOUSE LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

PRH Streamlined Energy and Carbon Reporting Disclosure 2020

Emissions

Site related emissions	unit	2018	2019	2020	D 2019	D 2018
Scope 1 Mobile Fuels	t CO2e	64	63	32	-49%	-50%
Scope 1 Stationary Fuels	t CO2e	81	53	21	-61%	-74%
Scope 2 Electricity	t CO2e	3,007	-	-	-	-100%
Scope 2 Heat	t CO2e	1,373	939	878	-14%	-40%
Scope 1 Refrigerant Losses	t CO2e	3	-	141	-	4416%
Scope 3 Waste	t CO2e	134	122	83	-33%	-39%
Scope 3 Energy related	t CO2e	609	130	122	-6%	-80%
Total	t CO2e	5,271	1,307	1,277	-2%	-76%

Employee related emissions	unit	2018	2019	2020	D 2019	D 2018
Scope 3 Business Travel	t CO2e	2,300	1,066	23	-98%	-99%
Scope 3 Hotel	t CO2e	223	219	33	-85%	-85%
Scope 3 Employee Commuting	t CO2e	2,130	2,130	1,046	-51%	-51%
Scope 3 Office Paper	t CO2e	175	160	43	-73%	-75%
Scope 3 IT Devices	t CO2e	209	208	697	234%	234%
Total	t CO2e	5,037	3,783	1,842	-51%	-63%

Product related emissions	Unit	2018	2019	2020	D 2019	D 2018
Scope 3 Paper Mills	t CO2e	19,717	19,731	13,901	-30%	-30%
Scope 3 Printers / Printing Materials	t CO2e	19,429	15,862	11,175	-30%	-42%
Scope 3 Warehouses	t CO2e	3,011	954	672	-30%	-78%
Scope 3 Transport Paper Mill to Printer	t CO2e	1,961	2,000	1,409	-30%	-28%
Scope 3 Transport Printer to Warehouse	t CO2e	2,139	2,978	2,098	-30%	-2%
Scope 3 Transport Distribution (Delivery & Returns)	t CO2e	1,830	1,951	1,374	-30%	-25%
Sub-total Scope 3 Transport	t CO2e	5,930	6,929	4,881		
Scope 3 End of Life (product waste)	t CO2e	1,215	1,281	902	-30%	-26%
Total Emissions	t CO2e	49,302	44,757	31,531	-31%	-42%

PENGUIN RANDOM HOUSE LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

PRH Streamlined Energy and Carbon Reporting Disclosure 2020

Total Emissions	Unit	2018	2019	2020	D 2019	D 2018
Scope 1	t CO2e	148	116	194	67%	30%
Scope 2	t CO2e	4,380	939	878	-6%	-80%
<i>thereof heat</i>	<i>t CO2e</i>	<i>1,373</i>	<i>939</i>	<i>878</i>	<i>-6%</i>	<i>-36%</i>
Scope 3	t CO2e	55,082	48,792	33,578	-31%	-39%
Sum of S1+S2+S3	t CO2e	59,610	49,847	34,650	-30%	-42%

Intensity Ratio	Unit	2018	2019	2020	D 2019	D 2018
Tonnes of CO2e per £M Revenue	t CO2e	124.47	97.83	64.03	-35%	-49%

Scope 1 emissions: direct emissions from owned or controlled sources.

Scope 2 emissions: indirect emissions from the generation of purchased energy

Scope 3 emissions: Other indirect emissions, not covered by scope 2

Acronyms: tonnes carbon dioxide equivalent (tCO2e); kilowatt hours (kWh); kilograms carbon dioxide equivalent per square foot of net lettable area (kgCO2e/sq.ft)

Reporting Methodology

We have followed the UK BEIS (Department Business, Energy & Industrial Strategy) 2019 guidance. The energy and emission figures provided are taken from Bertelsmann's "Green Screen", this a Bertelsmann owned internal recording application used by all companies within the Bertelsmann Group including Penguin Random House UK. All conversions are completed using government guidance ratios and the scopes 1, 2 and 3 are as outlined by BEIS guidance pages 50 and 51.

Community and environment

The Company's approach is to use its position of strength to ensure it is an asset to the communities and people with which it interacts. The board ensures significant consideration is given to the impact of the Company's operations on the community and environment in their decision-making. The Company strives to create positive change in reducing the environmental impact of its businesses and to meet the highest level of health and safety and environmental standards, whilst maintaining effective and continuing business practices.

PENGUIN RANDOM HOUSE LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

Shareholders

The board recognises the importance of regular and open dialogue with the shareholders and the need to ensure the strategy and goals of the Company are effectively communicated to them. Feedback on these plans and objectives is welcomed by the directors and major business decisions are made closely and with the approval of the shareholders.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'M. Gardiner', written over a horizontal line.

M GARDINER
Director

22 June 2021

PENGUIN RANDOM HOUSE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and audited financial statements of the Company for the year ended 31 December 2020.

Future developments

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

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate given the following considerations.

Directors considered the operating nature of the entity consider that the Company will have sufficient funds through funding from its ultimate parent Bertelsmann SE & Co. KGaA to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Bertelsmann SE & Co. KGaA not seeking repayment of the amounts currently due to the group and providing additional financial support during that period. Bertelsmann SE & Co. KGaA has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any Company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial.

Further details regarding the adoption of the going concern basis can be found in Note 3 to the financial statements.

Dividends

No dividends were paid during the year (2019: £176,550,000).

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.

PENGUIN RANDOM HOUSE LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

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

John Joseph Fallon	Resigned 01/04/2020
Markus Franz-Josef Dohle	Resigned 01/04/2020
Thomas Andreas Gotz	Resigned 01/04/2020
Thomas Hermann Rabe	Resigned 01/04/2020
Bernd Hirsch	Resigned 01/04/2020
Gail Rebuck	Resigned 01/04/2020
Coram Williams	Resigned 01/04/2020
James Johnston	Resigned 01/04/2020
Mark Gardiner	Appointed 01/04/2020
Thomas Weldon	Appointed 01/04/2020
Robert Grant	Appointed 01/04/2020

Disclosure of information to auditor

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 (as defined by section 418(3) of the Companies Act 2006) 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 Auditor

On 9 December 2020, the former auditors PricewaterhouseCoopers LLC resigned, and the shareholders in general meeting appointed KPMG LLP as the auditor of the company on the same day.

On behalf of the Board



M GARDINER

Director

22 June 2021

20 Vauxhall Bridge Road,
London,
SW1V 2SA

PENGUIN RANDOM HOUSE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 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 the 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
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors 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.

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 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, and have 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENGUIN RANDOM HOUSE LIMITED

Opinion

We have audited the financial statements of Penguin Random House Limited ("the Company") for the year ended 31 December 2020 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- reading board minutes.
- using analytical procedures to identify any unusual or unexpected relationships.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENGUIN RANDOM HOUSE LIMITED (CONTINUED)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressure to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition as it is an intermediate holding Company for entities under the Penguin Random House Group and doesn't have trading activities.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by specific users, those posted including specific words in their descriptions and those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENGUIN RANDOM HOUSE LIMITED (CONTINUED)

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENGUIN RANDOM HOUSE LIMITED (Continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in cursive script, reading 'Sabira Datto'.

Sabira Datto (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
22 June 2021

PENGUIN RANDOM HOUSE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Administrative expenses		(480)	(1,191)
Operating loss	4	(480)	(1,191)
Income from shares in group undertakings	6	106	76,544
Amounts written off investments	7	(5,573)	(1,519)
Gain recognised on disposal of investments		9,938	-
		<u>3,991</u>	<u>73,834</u>
Profit on ordinary activities before interest and taxation			
Interest receivable and similar income	8	17,936	16,175
Interest payable and similar expenses	8	(29,428)	(20,143)
(Loss)/Profit on ordinary activities before taxation		<u>(7,501)</u>	<u>69,866</u>
Tax on profit on ordinary activities	9	1,787	2,208
(Loss)/Profit for the financial year		<u>(5,714)</u>	<u>72,074</u>

The notes are an integral part of these financial statements.

PENGUIN RANDOM HOUSE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £'000	2019 £'000
(Loss)/profit for the financial year	(5,714)	72,074
Total comprehensive (expense)/income for the year	(5,714)	72,074

The notes are an integral part of these financial statements.

PENGUIN RANDOM HOUSE LIMITED

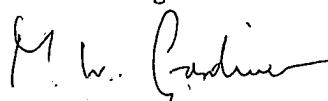
REGISTERED NUMBER: 00734421

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	10	702,135	707,309
		<u>702,135</u>	<u>707,309</u>
Current assets			
Debtors	11	3,703	265,993
Cash at bank and in hand		1,717	89,380
		<u>5,420</u>	<u>355,373</u>
Creditors: amounts falling due within one year	12	(158,585)	(507,998)
Net current liabilities		<u>(153,165)</u>	<u>(152,625)</u>
Total assets less current liabilities		<u>548,970</u>	<u>554,684</u>
Creditors: amounts falling due after more than one year	13	(200,446)	(200,446)
Net assets		<u>348,524</u>	<u>354,238</u>
Capital and reserves			
Called up share capital	15	75,400	75,400
Share premium account		20,401	20,401
Retained earnings		252,723	258,437
Total equity		<u>348,524</u>	<u>354,238</u>

The notes are an integral part of these financial statements.

The financial statements on pages 16 to 39 were authorised for issue by the board of directors on 22 June 2021 and were signed on its behalf by:



M GARDINER
Director

PENGUIN RANDOM HOUSE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2019		75,300	12,772	362,913	450,985
Changes in equity					
Issued during the year		100	7,629	-	7,729
Dividends	16	-	-	(176,550)	(176,550)
Profit for the year		-	-	72,074	72,074
Balance as at 31 December 2019		75,400	20,401	258,437	354,238
Changes in equity					
Loss for the year		-	-	(5,714)	(5,714)
Balance as at 31 December 2020		75,400	20,401	252,723	348,524

The notes are an integral part of these financial statements.

Called up share capital

The called up share capital account records the nominal value of shares issued.

Share premium account

The share premium account is used to record the premium on shares issued.

Retained earnings

This includes all current and prior period retained profits and losses. All reserves in respect of profit and loss are distributable reserves.

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

Penguin Random House Limited is a private Company limited by shares, incorporated in the United Kingdom. Its registered office and principal place of business at 31 December 2020 is 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

Notwithstanding net current liabilities of £153,165,000 as at 31 December 2020 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have considered the operating nature of the entity and expectations for future trading for a period of 12 months from the date of approval of these financial statements. It indicates that, taking account of reasonably possible downsides, the Company will have sufficient funds through funding from its ultimate parent Bertelsmann SE & Co. KGaA to realise its assets and settle its liabilities in the ordinary course of business for that period.

This is dependent upon Bertelsmann SE & Co. KGaA providing the required funding through this period through the cash pooling arrangement. Bertelsmann SE & Co. KGaA has indicated its intention to continue to make available such funds as are needed by the Company. As with any Company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Given the dependency on the Ultimate Parent the directors have also considered the work carried out by Group management in relation to the Group's going concern assessment focussing on cash flow, liquidity position and the ability of the Group to meet known and potential liabilities and concluded that having analysed the impact of COVID 19, the Group has sufficient headroom and will be able to provide support to the Company.

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exemption for qualifying entities under FRS 102

The Company has taken advantage of the following exemptions:

- 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;
- from disclosing related party transactions with wholly owned subsidiaries of the Company;
- 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;
- from reconciling the number of shares outstanding at the beginning and end of the period.

New standards, amendments and IFRIC interpretations

No new accounting standards or amendments to accounting standards that are effective for the year ended 31 December 2020 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 comprehensive income statement.

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

Investments in subsidiary companies

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.

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

3 ACCOUNTING POLICIES (continued)

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.

Investments in associates

Investments 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'.

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.

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

3 ACCOUNTING POLICIES (continued)

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 historically 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.

Critical accounting judgements and estimation uncertainty

In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, underlying assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances.

Key accounting estimates and assumptions

(i) Impairment of Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses. The Company tests annually whether investments have suffered any impairment, with the carrying amount being written down for any impairment highlighted.

The key estimates and assumptions for the Company in respect of the impairment of investments are the budgeted profits, projected cash flows and weighted average cost of capital used in order to determine whether any impairment is required. See note 10 for the carrying amount of investments and associated provision.

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

4 OPERATING LOSS

The operating loss is stated after charging:

	2020 £'000	2019 £'000
Auditors' remuneration:		
Statutory audit	39	69
	<hr/>	<hr/>

5 EMPLOYEES AND DIRECTORS

Employees

The Company had no employees during 2020 (2019: nil).

Directors

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 (2019: £nil) emoluments in respect of the directors.

6 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2020 £'000	2019 £'000
<i>Dividends received from unlisted investments:</i>		
The Random House Group Limited	-	45,000
Penguin Books Limited	-	31,000
Penguin Books (SA) Pty Limited	-	358
Penguin Books Benelux BV	106	186
	<hr/>	<hr/>
	106	76,544
	<hr/>	<hr/>

7 AMOUNTS WRITTEN OFF INVESTMENTS

	2020 £'000	2019 £'000
<i>Impairment of investments in group undertakings</i>		
Penguin Books Singapore Pte. Ltd	568	-
Comphania de Letras (FC)	4,483	-
Penguin Books (SA) Pty Ltd	522	-
Penguin Books India Private Limited	-	723
The Random House Group Limited	-	796
	<hr/>	<hr/>
	5,573	1,519
	<hr/>	<hr/>

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

8 INTEREST RECEIVABLE / (PAYABLE)

	2020 £'000	2019 £'000
<i>Interest receivable and similar income:</i>		
Interest on loans to group undertakings	2,925	7,470
Other interest receivable	1,258	2,974
Gain on derivatives	13,753	-
Gain on foreign exchange	-	5,731
	<hr/> 17,936	<hr/> 16,175
<i>Interest payable and similar expenses:</i>		
Interest on loans from group undertakings	7,703	7,298
Interest on loans from shareholders	6,517	6,414
Other interest payable	1,806	1,090
Loss on derivatives	-	5,341
Loss on foreign exchange	13,402	-
	<hr/> 29,428	<hr/> 20,143

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

9 TAX ON PROFIT

Analysis of tax credit for the year:

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax - current year	(1,985)	(901)
Overseas Tax	34	104
Adjustments in respect of prior years	164	(1,411)
	<u>(1,787)</u>	<u>(2,208)</u>

The current year tax charge represents corporation tax payable and amounts payable to/receivable from fellow UK subsidiaries of the Bertelsmann group in respect of group relief.

The tax assessed for the year differs from (2019: differs from) the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £'000	2019 £'000
(Loss)/profit on ordinary activities before taxation	(7,501)	69,866
Corporation tax at standard rate of 19.00% (2019: 19.00%)	(1,425)	13,275
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,354	101
Income not taxable	(1,908)	(14,258)
Withholding tax not deductible	28	85
Adjustments in respect of prior years	164	(1,411)
	<u>(1,787)</u>	<u>(2,208)</u>

Factors affecting the future tax rate

At the March 2021 Budget the Government announced its intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. Whilst this rate is not yet substantively enacted such a change will increase the expected current tax charge or credit in the future and increase the recognised deferred tax assets.

Deferred tax

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

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

10 INVESTMENTS

	Shares in group undertakings £'000
<i>Cost:</i>	
At 1 January 2020	800,115
Additions	65,468
Disposals	(65,069)
	<hr/>
At 31 December 2020	800,514
	<hr/>
<i>Provision for impairment:</i>	
At 1 January 2020	(92,806)
Charge for the year	(5,573)
	<hr/>
At 31 December 2020	(98,379)
	<hr/>
<i>Net book value:</i>	
At 31 December 2020	702,135
	<hr/>
At 31 December 2019	707,309
	<hr/>

An impairment test was carried out in accordance with Financial Reporting Standard 102. The carrying amount and the equity value of each investment has been compared to ascertain if impairment is required. As a result of a downturn in the performance of the Company's subsidiaries Penguin Books Singapore Pte. Ltd, Comphania de Letras (FC) and Penguin Books (SA) Pty Ltd, impairment charges of £568,000, £4,483,000 and £522,000 respectively have been recognised to reduce the carrying value of the investments to their recoverable amount at 31 December 2020. The recoverable amount of the investments as at 31 December 2020 were £nil, £24,709,000 and £1,001,000 respectively and are calculated on the basis of value in use.

The Company's investments in group undertakings are listed in note 18.

On 1 July 2020 the Company sold its investment in Penguin Books Benelux BV for consideration of £1,742,000. At the date of disposal the investment had a carrying value of £169,305 resulting in a gain on disposal of £1,572,695.

On 15 September 2020 the Company sold its investment in Penguin Random House Canada Limited for consideration of £73,265,000. At the date of disposal the investment had a carrying value of £64,900,000 resulting in a gain on disposal of £8,365,000.

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

11 DEBTORS

	2020 £'000	2019 £'000
Amounts owed by group undertakings	321	257,038
Corporation tax	-	-
Other debtors	1,396	8,054
Group relief receivable	1,986	901
	<hr/>	<hr/>
	3,703	265,993

Amounts owed by group undertakings are, unless noted below, 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 2.89% (2019: 3.32%).

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Amounts owed to group undertakings	149,537	489,138
Other creditors	7,413	17,065
Accruals and deferred income	1,635	1,795
	<hr/>	<hr/>
	158,585	507,998

Amounts owed to group undertakings are balances owed under cash pooling agreements which are, unless noted below, unsecured, repayable on demand and incur interest. The average interest rate charged during the year on the cash pooling payables was 0.26% (2019: 0.69%).

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £'000	2019 £'000
Amounts owed to group undertakings	200,446	200,446
	<u>200,446</u>	<u>200,446</u>

Amounts owed to group undertakings consists of a loan from Bertelsmann Business Support S.a r.l., a subsidiary of the Company's ultimate parent Company, Bertelsmann SE & Co. KGaA. The loan has a maturity date of 3 April 2023 and incurs interest at a rate of 3.20% per annum.

14 FINANCIAL INSTRUMENTS

The Company has the following financial instruments:

	Note	2020 £'000	2019 £'000
Financial assets at fair value through profit or loss			
Other debtors	11	1,396	8,054
		<u>1,396</u>	<u>8,054</u>
Financial assets measured at amortised cost			
Amounts owed by group undertakings	11	321	257,038
		<u>321</u>	<u>257,038</u>
Financial liabilities at fair value through profit or loss			
Other creditors	12	7,413	17,065
		<u>7,413</u>	<u>17,065</u>
Financial liabilities measured at amortised cost			
Amounts owed to group undertakings	12	149,537	489,138
Accruals and deferred income	12	1,635	1,795
		<u>151,172</u>	<u>490,933</u>

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

15 CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Ordinary shares of £1 each		
<i>Allotted, called up and fully paid:</i>		
At 1 January	75,400	75,300
Issued during the year	-	100
	<hr/>	<hr/>
At 31 December	75,400	75,400

There are two classes of ordinary shares, A shares and B shares. As at 31 December 2020 there were 56,550,000 (2019: 56,550,000) A shares of £1 each and 18,850,000 (2019: 18,850,000) B shares of £1 each allotted, called up and fully paid. 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.

16 DIVIDENDS

	2020 £'000	2019 £'000
<i>Equity - ordinary</i>		
Final: (2019: £0.3354) per share	-	25,255
Interim: (2019: £2.009) per share	-	151,295
	<hr/>	<hr/>
	-	176,550

The dividends shown above for 2019 and 2020 have been paid and the Company is not liable to pay any dividends at the balance sheet date. No dividends have been proposed and not paid up to the date of approval of these financial statements.

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

17 RELATED PARTIES

The Company's immediate parent Company is Bertelsmann UK Limited.

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

The Company has taken advantage of the exemption, under the terms of FRS 102, not to disclose related party transactions with companies that are wholly owned within the Group.

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

17 RELATED PARTIES (continued)

During the year the Company entered into the following transactions with related parties not wholly owned within the Group. All these entities are subsidiaries within the Bertelsmann SE & Co KGaA group:

	2020 £'000	2019 £'000
<i>Administrative expenses:</i>		
Bertelsmann SE & Co KGaA	198	261
Bertelsmann Corporate Services Limited	114	-

	2020 £'000	2019 £'000
<i>Interest expense:</i>		
Penguin Random House LLC	3,313	5,832
Bertelsmann Business Support	6,432	6,414
Bertelsmann SE & Co KGaA	84	187
Penguin Random House Australia Pty Limited	306	815
Dorling Kindersley Limited	731	1,324

	2020 £'000	2019 £'000
<i>Dividends paid and payable:</i>		
Bertelsmann UK Limited	-	132,410

	2020 £'000	2019 £'000
<i>Debtors:</i>		
Penguin Random House LLC	-	5,805

	2020 £'000	2019 £'000
<i>Creditors:</i>		
Bertelsmann Business Support	202,045	202,045
Penguin Random House LLC	-	283,601
Bertelsmann SE & Co KGaA	198	265

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

18 INVESTMENTS IN GROUP UNDERTAKINGS

Refer to the following table for the Company's investments at 31 December 2020.

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

18 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Subsidiary undertakings

Name	Principal Activity	Holding	Class of Shares	Registered Address
Dorling Kindersley Limited	Book Publishing	100.00	Ordinary	One Embassy Gardens, 8 Viaduct Gardens, London, SW11 7BW
Dorling Kindersley Publishing Private Limited	Book Publishing	100.00	Ordinary	7th Floor, Infinity Tower C, DLF CyberCity, Gurgaon, India, 122002, Haryana
Hugo's Language Books Limited	Dormant Entity	100.00	Ordinary	One Embassy Gardens, 8 Viaduct Gardens, London, SW11 7BW
Penguin Australia Pty Limited	Book Publishing	100.00	Ordinary	707 Collins St, Melbourne, Australia, 3008
Penguin Books Limited	Book Publishing	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Penguin Random House SEA Pte. Ltd	Book Publishing	100.00	Ordinary	30 Raffles Place, 11-00 Chevron House, Singapore, 048622
Penguin Group (Hongkong) Limited	Holding Company	100.00	Ordinary	Suite 3313, Tower One, Times Square, 1 Matheson Street, Causeway Bay, HK
Penguin Random House India Private Limited	Book Publishing	100.00	Ordinary	7th Floor, Infinity Tower C, DLF CyberCity, Gurgaon, India, 122002, Haryana
Penguin Random House Korea LLC	Book Publishing	100.00	Ordinary	7th Floor, AIA Tower, 16 Tongil-ro-2-gil, Jung-gu, Seoul
The Random House Group Limited	Book Publishing	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 0 Limited	Real Estate	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 1 Limited	Real Estate	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 2 Limited	Real Estate	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 3 Limited	Real Estate	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 4 Limited	Real Estate	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 5 Limited	Real Estate	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 6 Limited	Real Estate	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 7 Limited	Real Estate	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 8 Limited	Real Estate	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Little Tiger Group Limited	Holding Company	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Editora Schwarcz S.A	Book Publishing	70.00	Ordinary	Rua Bandeira Paulista, 702, Suite 11/3, 04532-002, São Paulo, Brazil

Associate undertakings

Name	Principal Activity	Holding	Class of Shares	Registered Address
Penguin Random House South Africa (Pty) Limited	Book Publishing	46.53	Ordinary	Rosebank Office Park, Block D, 181 Jan Smuts Avenue, Parktown North, Johannesburg, South Africa, 2193

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

18 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Indirect subsidiary undertakings

Name	Principal Activity	Holding	Class of Shares	Registered Address
Allen Lane The Penguin Press Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Arrow Books Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Bantam Books Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Barrie & Jenkins Limited	Dormant Entity	98.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Bartlett Bliss Productions Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Bellew & Higon Publishers Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Business Books Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Carousel Books Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Century Benham Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Century Hutchinson Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Century Hutchinson Publishing Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Century Publishing Co. Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Chatto and Windus Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Children's Character Books Limited	Book Publishing	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Corgi Books Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Direct Group Grandes Obras, S.L	Holding Company	100.00	Ordinary	Calle Travessera de Gracia, 47-49, Barcelona, Spain, 08021
Distribuidora Penguin Random House S.A.S.	Distribution Services	100.00	Nominal	Aut. Medellin KM1.7 Terrapuerto Industrial Dorado BG 4, Cota (Cundinamarca), Columbia
Dorling Kindersley Publishers (South Africa) Pty Limited	Dormant Entity	100.00	Ordinary	Rosebank Office Park, Block D, 18 Jan Smuts Avenue, Parktown North, Johannesburg, South Africa, 2193

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

18 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Dorling Kindersley Vision Limited	Dormant Entity	100.00	Ordinary	One Embassy Gardens, 8 Viaduct Gardens, London, SW11 7BW
Editorial Sudamericana Uruguay S.A.	Book Publishing	100.00	Ordinary	Yaguaron 1568, Montevideo, Uruguay
Frederick Warne & Co Limited	Book Publishing	100.00	Preference/Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Funfax Limited	Dormant Entity	100.00	Ordinary	One Embassy Gardens, 8 Viaduct Gardens, London, SW11 7BW
Grantham Book Services Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hamish Hamilton Children's Books Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hamish Hamilton Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hammond, Hammond and Company, Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Herbert Jenkins Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hurst & Blackett Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hutchinson & Co. (Publishers) Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hutchinson Books Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hutchinson Childrens Books Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Jackdaw Publications Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Jonathan Cape Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Ladybird Books Limited	Book Publishing	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Mainstream Publishing Company (Edinburgh) Limited	Book Publishing	100.00	Ordinary	54-66 Frederick Street, Edinburgh, United Kingdom, EH2 1LS
Market Self S.A	Distribution Services	50.00	Ordinary	Av. Paseo Colón 221, 6th Floor, Buenos Aires, Argentina, C1063ACC
Martin Secker and Warburg Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Michael Joseph Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Pelham Books Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

18 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Penguin (Beijing) Culture Development Co., Limited	Publishing Services	100.00	Ordinary	Room 1211, Tower D, Beijing Global Trade Centre, 36 North Third Ring Road East, China
Penguin Books S.A.	Book Distribution	100.00	Ordinary	9 Glorieta de Quevedo, 7th Floor, Madrid, Spain, 28015
Penguin Random House Grupo Editorial S.A.	Book Publishing	100.00	Ordinary	Calle Humberto Primo 545, Buenos Aires, Argentina, C1103ACK
Penguin Random House Grupo Editorial S.A.	Book Publishing	100.00	Ordinary	Av. Ricardo Palma 341, Of. 601, Miraflores, Lima, Peru
Penguin Random House Group Editorial S.A.S.	Book Publishing	100.00	Ordinary	Terrapuerto Industrial El Dorado Bodega No 4, Autopista Medellin Km 1.7 Entrada parque,
Penguin Random House Grupo Editorial, Unipessoal Lda	Book Publishing	100.00	Ordinary	Praca Marques de Pombal, numero 1, 8ª planta, Lissabon, Portugal, 1250-160
Penguin Random House Grupo Editorial, S.A.	Book Distribution	100.00	Ordinary	Merced 280, 6th Floor, Santiago de Chile, Chile, 8320128
Penguin Random House Grupo Editorial, S.A.U.	Book Distribution	100.00	Ordinary	Calle Travesera de Gracia, 47-49, Barcelona, Spain, 08021
Penguin Random House Grupo Editorial, S.A. de C.V.	Book Publishing	100.00	Ordinary	Miguel de Cervantes Saavedra 301, piso 1, col. Granada, del. Miguel Hidalgo, Mexico
Penguin Random House Ireland Limited	Editorial services	100.00	Ordinary	c/o EUGENE F. COLLINS Solicitors, Temple Chambers, 3 Burlington Road, Dublin, Ireland, 4
Plane Tree Publishers Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Random House Properties Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Random House Publishing Group Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Random House Struik Proprietary Limited	Dormant Entity	100.00	Ordinary	The Estuaries No 4, Oxbow Crescent, Century Avenue, Century City, South Africa,

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

18 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Random House UK Ventures Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
RHA Holdings Pty Limited	Dormant Entity	100.00	Ordinary	16 Dalmore Drive, Scoresby (Melbourne), Victoria 3179, Australia, 3179
Salspot Limited	Merchandising	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Sinclair - Stevenson Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Snowdog Enterprises Limited	Merchandising	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Snowman Enterprises Limited	Media rights for film	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Stanley Paul & Company Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
T. Werner Laurie, Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Tamarind Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Bodley Head Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Book Service Limited	Distribution and Support Services	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Cresset Press Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Harvill Press Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Hogarth Press Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Transworld Publishers Limited	Book Publishing	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Tundra Books of Northern New York, Inc.	Book Publishing	100.00	Common	18 Cornelia Street, Plattsburgh, County of Clinton, State of New York, USA, 12901
Ventura Publishing Limited	Book Publishing	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Virgin Books Limited	Book Publishing	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
WH Allen General Books Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Woodlands Books Limited	Book Publishing	85.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Little Tiger Press Limited	Book Publishing	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Caterpillar Books Limited	Book Publishing	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Stripes Publishing Limited	Book Publishing	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA

PENGUIN RANDOM HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

18 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Ediciones B Venezuela, S.A., Caracas	Book Publishing	100.00	Ordinary	Caracas, Venezuela
Ediciones B (Uruguay) S.A.	Book Publishing	100.00	Ordinary	Colonia 950 Piso 6, Montevideo, Uruguay
Market Self Chile SpA	Book Publishing	85.48	Ordinary	Calle Merced No. 280, Piso 3, Santiago de Chile, Chile
Editora Bonifácio Ltda	Book Publishing	69.99	Ordinary	Rua Bandeira Paulista, No. 702 cj 71, Sao Paulo, Brazil, 04532-0002
Editora Claro Enigma Ltda	Book Publishing	70.00	Ordinary	Rua Bandeira Paulista, No. 702 cj 101, Sao Paulo, Brazil, 04532-0002
Editora Fontanar Ltda	Book Publishing	70.00	Common	Rua Cosme Velho, No. 103, Rio de Janeiro, Brazil, 22241-090
Editora Reviravolta Ltda	Book Publishing	69.99	Ordinary	Rua Bandeira Paulista, No. 702 cj 72, Sao Paulo, Brazil, 04532-0002
Editora Pequena Zahar Ltda	Book Publishing	70.00	Ordinary	Rua Marques de Sao Vicente 99, 1° andar, Gavea, Rio de Janeiro, Brazil, CEP 22451-041
Jorge Zahar Editor Ltda., Rio de Janeiro	Book Publishing	70.00	Ordinary	Rua Marques de Sao Vicente 99, 1° andar, Gavea, Rio de Janeiro, Brazil, CEP 22451-041

Indirect associate undertakings

Name	Principal Activity	Holding	Class of Shares	Registered Address
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