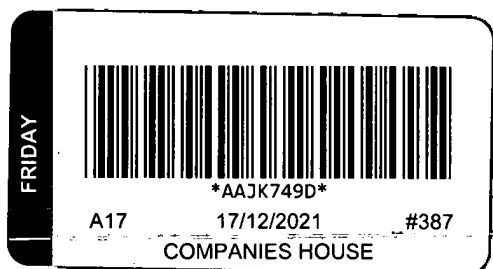


REGISTERED NUMBER: 01594405

**SALSPOT LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**



**SALSPOT LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**COMPANY INFORMATION**

**Directors**

Mark Gardiner  
Thomas Weldon  
Francesca Dow

**Company secretary**

Sinead Martin

**Registered number**

01594405

**Registered office**

20 Vauxhall Bridge Road  
London  
SW1V 2SA

**Independent auditor**

KPMG LLP  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

**STRATEGIC REPORT**

The directors present their Strategic Report for Salspot Limited ("the Company") for the year ended 31 December 2020.

**Principal activities**

The Company is a subsidiary of Ventura Publishing Limited (85%) and Penguin Random House Limited (15%), companies registered in the United Kingdom. The Company is UK domiciled and registered in the United Kingdom. The principal activity of the Company continues to be merchandising under licence agreement, including the production of cartoon films.

**Review of the business**

The results and financial position of the Company are set out in the attached financial statements. The Company made a loss for the financial year of £8,000 (2019: £50,000).

**Key Performance Indicators ("KPIs")**

The directors of Bertelsmann SE & Co KGaA manage each respective group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the Company.

**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 has procedures in place to make the directors aware of the various risks to the Company's business. The risks are monitored and reported to management. The marketplace is dominated by large players such as Disney who have the majority of licensed intellectual property within the Children's market. Retailers are increasingly becoming risk averse with increasing pressure for immediate success at mass market level and fewer wanting to invest in new intellectual property. This increases the barriers to entry for smaller properties which are classic in nature without a visible media driver. Other risks arise from the entry of non-traditional publishers into the market, the decline in retail space in high street bookshops and economic uncertainty.

**STRATEGIC REPORT (continued)**

**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 governmental 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, although on a reduced basis in many instances. In turn this has continued to allow us to trade and operate our business successfully.

**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.

**STRATEGIC REPORT (continued)****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.

**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.

**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

**STRATEGIC REPORT (continued)**

**PRH Streamlined Energy and Carbon Reporting Disclosure 2020 (continued)**

**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 behavior change

## STRATEGIC REPORT (continued)

## PRH Streamlined Energy and Carbon Reporting Disclosure 2020 (continued)

## 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%
<b>Total</b>	<b>t CO2e</b>	<b>5,271</b>	<b>1,307</b>	<b>1,277</b>	<b>-2%</b>	<b>-76%</b>
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%
<b>Total</b>	<b>t CO2e</b>	<b>5,037</b>	<b>3,783</b>	<b>1,842</b>	<b>-51%</b>	<b>-63%</b>

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%
<b>Total Emissions</b>	<b>t CO2e</b>	<b>49,302</b>	<b>44,757</b>	<b>31,531</b>	<b>-31%</b>	<b>-42%</b>

Total Emissions	Unit	2018	2019	2020	D 2019	D 2018
Scope 1	t CO2e	149	116	194	67%	30%
Scope 2	t CO2e	4,380	939	878	-6%	-80%
thereof heat	t CO2e	1,373	939	878	-6%	-36%
Scope 3	t CO2e	55,081	48,792	33,578	-31%	-39%
<b>Sum of S1+S2+S3</b>	<b>t CO2e</b>	<b>59,610</b>	<b>49,847</b>	<b>34,650</b>	<b>-30%</b>	<b>-42%</b>

## STRATEGIC REPORT (continued)

## PRH Streamlined Energy and Carbon Reporting Disclosure 2020 (continued)

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.

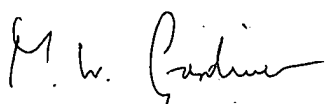
**Shareholders**

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.

**General**

The Company is presenting the financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

On behalf of the board



Mark Gardiner  
Director  
22 November 2021



## **DIRECTORS' REPORT**

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

### **Future developments**

The Company will continue to be the merchandise agent under licence agreement, including the production of cartoon films.

### **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 and expectations for the future trading along with the outstanding inter-company payables and inter-company receivables for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its ultimate parent Bertelsmann SE & Co. KGaA and repayment of outstanding balances from fellow subsidiaries 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.

### **Results and dividends**

No dividends were paid during 2020 (2019: £nil), and the loss for the financial year of £8,000 (2019: loss £50,000) is to be transferred to reserves.

### **Financial risk management**

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

### **Directors**

The directors who held office during the year and up to the date of signing the financial statements are given below:

Francesca Dow  
Thomas Weldon  
Mark Gardiner

**DIRECTORS' REPORT (continued)**

**Employees**

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 operates a pension scheme for which all employees are eligible.

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. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

**Engagement with customers, suppliers and other stakeholders**

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.

**Statement as to disclosure of information to auditor**

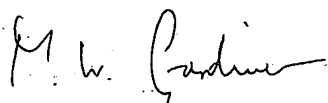
In the case of each director in office at the date the Directors' Report is approved:

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

**Independent auditor**

On 9 December 2020, the former auditor 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



Mark Gardiner

Director

20 Vauxhall Bridge Road  
London, SW1V 2SA

22 November 2021

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 SALSPOT LIMITED**

### **Opinion**

We have audited the financial statements of Salspot Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and Other 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 101 *Reduced Disclosure Framework*; 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 Penguin Random House Limited's ("PRHL") policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALSPOT LIMITED (continued)**

As required by auditing standards, 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 because there are no revenue transactions. We did not identify any additional fraud risks.

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 made to unrelated 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 and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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.

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:

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALSPOT LIMITED (continued)**

- 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; or

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 10, 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**

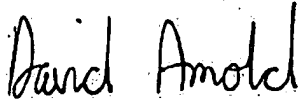
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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](http://www.frc.org.uk/auditorsresponsibilities).

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALSPOT 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.



**David Arnold (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

23 November 2021

**SALSPOT LIMITED****ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020****PROFIT AND LOSS ACCOUNT**

	Note	2020 £'000	2019 £'000
Turnover		-	-
Cost of sales		-	-
<b>Gross result</b>		-	-
Administrative expenses		(11)	(64)
Operating loss	4	(11)	(64)
Interest receivable and similar income		1	2
<b>Loss before taxation</b>		(10)	(62)
Tax on loss	6	2	12
<b>Loss for the financial year</b>		(8)	(50)

**Continuing operations**

None of the Company's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements.



## STATEMENT OF OTHER COMPREHENSIVE INCOME

	2020 £'000	2019 £'000
Loss for the financial year	(8)	(50)
Other comprehensive income for the year	-	-
Loss for the financial year and total comprehensive expense	(8)	(50)

The notes form part of these financial statements.

**SALSPOT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

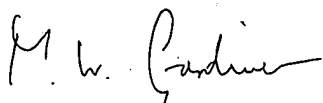
Company No. 01594405

**BALANCE SHEET**

	Note	2020 £'000	2019 £'000
<b>Current assets</b>			
Debtors	7	247	279
<b>Creditors: amounts falling due within one year</b>	8	(31)	(55)
<b>Net current assets</b>		<b>216</b>	<b>224</b>
<b>Total assets less current liabilities</b>		<b>216</b>	<b>224</b>
<b>Net assets</b>		<b>216</b>	<b>224</b>
<b>Capital and Reserves</b>			
Called up share capital	9	-	-
Profit and loss account		216	224
<b>Total equity</b>		<b>216</b>	<b>224</b>

The notes form part of these financial statements.

These financial statements on pages 15 to 24 were authorised for issue by the board of directors on 22 November 2021 and were signed on its behalf by:



Mark Gardiner  
 Director

20 Vauxhall Bridge Road  
 London  
 SW1V 2SA

## STATEMENT OF CHANGES IN EQUITY

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance as at 1 January 2019	-	274	274
Changes in equity			
Loss for the financial year and total comprehensive expense	-	(50)	(50)
Balance as at 31 December 2019	-	224	224
Changes in equity			
Loss for the financial year and total comprehensive expense	-	(8)	(8)
Balance as at 31 December 2020	-	216	216

**Called up share capital**

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

**Profit and loss account**

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

The notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**1 GENERAL INFORMATION**

Salspot Limited ('the Company') is a merchandise agent under licence agreement. The Company is a private Company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 20 Vauxhall Bridge Road, London, SW1V 2SA. The registered number of the Company is 01594405.

**2 STATEMENT OF COMPLIANCE**

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) 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.

**Basis of preparation of financial statements**

These financial statements are prepared on a going concern basis, under the historical cost convention in accordance with the UK Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 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. Management considers there are no areas involving a higher degree of judgement or complexity, nor any areas where assumptions and estimates are significant to the financial statements.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: disclosures'
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The following paragraphs of IAS 1 'Presentation of financial statements':
  - 10(d) (statement of cash flows)
  - 38A (requirement for minimum of two primary statements, including cash flow statements)
  - 38B-D (additional comparative information)
  - 111 (cash flow statement information)
  - 134-136 (capital management disclosures)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of preparation of financial statements (continued)**

- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

**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 and expectations for the future trading along with the outstanding inter-Company payables and inter-Company receivables for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds through funding from its ultimate parent Bertelsmann SE & Co. KGaA and repayment of outstanding balances from fellow subsidiaries 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.

**New standards, amendments and IFRIC interpretations**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2020 that have had a material impact on the Company's financial statements.

**Foreign 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 Company operates ('the functional currency'). The financial statements are presented in sterling, which is also the functional currency of the Company.

*Transactions and balances*

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Taxation**

The tax expense or credit for the year comprises current tax.

The current income tax charge or credit 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.

No temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements that give rise to deferred tax.

**Trade debtors and amounts owed by group undertakings**

Trade debtors and amounts owed by group undertakings are recognised initially at fair value and subsequently measured at amortised cost after provision for bad and doubtful debts. Provisions are made specifically where there is objective evidence of a dispute or an inability to pay. Balances owed by group undertakings are unsecured, interest free and repayable on demand.

**Trade creditors and amounts owed to group undertakings**

Trade creditors and amounts owed to group undertakings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Critical accounting estimates and judgements**

In the application of the Company's accounting policies, which are described in note 3, 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, however, there are no significant accounting judgements and estimates applicable to this entity.

## 4 OPERATING LOSS

	2020 £'000	2019 £'000
Operating loss is stated after charging:		
Personnel costs:		
- Wages and salaries	10	10
- Other pension costs	1	1
Auditors' remuneration		
- Statutory audit	-	-

Auditors' remuneration for the statutory audit of the Company was borne by Penguin Books Limited in 2020 and 2019.

No staff were employed by the Company in 2020 (2019: none). Administration expenses includes £12,000 (2019: £11,000) for directors' emoluments in respect of their services to the Company. See note 5 for further detail.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 5 EMPLOYEES AND DIRECTORS

**Employees**

All employees are employed by Penguin Books Limited ("PBL") and The Random House Group Limited ("RHG") and therefore all staff costs are borne by them. PBL and RHG then recoups this through a management recharge.

**Directors**

Although the directors of the Company have service contracts with PBL and RHG, the proportion of their time and efforts relating to Salspot Limited, and therefore an apportionment of their emoluments, have been included in these financial statements.

The directors' emoluments were as follows:

	2020 £'000	2019 £'000
<i>Directors' remuneration:</i>		
Aggregate emoluments	10	10
Amounts receivable under long term incentives	1	1
Company pension contributions to money purchase schemes	1	1

Administration expenses include the above remuneration to directors of the Company in respect of their services to the Company.

Retirement benefits are accruing to 2 directors (2019: 2) under defined benefit pension schemes and to 1 director (2019: 1) under a money purchase scheme.

The highest paid directors' emoluments were as follows:

	2020 £'000	2019 £'000
<i>Highest paid director:</i>		
Emoluments	6	6
Amounts receivable under long term incentives	-	-
Defined benefit pension scheme accrued at the end of the year	-	-

Two directors are paid by PBL and the other director is paid by RHG, as follows:

Director	Paid by
Thomas Weldon	Penguin Books Limited
Francesca Dow	Penguin Books Limited
Mark Gardiner	The Random House Group Limited

## 6 TAX ON LOSS

	2020 £'000	2019 £'000
<i>Current tax:</i>		
UK corporation tax on loss for the year	(2)	(12)
<b>Total current tax</b>	<b>(2)</b>	<b>(12)</b>
<b>Tax credit</b>	<b>(2)</b>	<b>(12)</b>
<b>UK standard effective rate of corporation tax (%)</b>	<b>19.00</b>	<b>19.00</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 6 TAX ON LOSS (continued)

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 current year tax losses surrendered in the UK.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The entity does not have any UK deferred tax asset/(liability) as at 31 December 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly but shall not have any impact on deferred tax.

## 7 DEBTORS

	2020 £'000	2019 £'000
Amounts owed by group undertakings	245	258
Other debtors	-	6
Corporation tax receivable	2	12
Prepayments and accrued income	-	3
<b>Total debtors</b>	<b>247</b>	<b>279</b>

Amounts owed by group undertakings are unsecured and repayable on demand. Included within this is £245,000 owed from Bertelsmann UK Limited (2019: £258,000 owed from Penguin Random House Limited) in respect of cash pooling agreements. From the 1 July 2020 the cash pooling arrangement has been moved from Penguin Random House Limited to Bertelsmann UK Limited. These amounts incur interest on a monthly basis; the interest rate ranges from 0.05% to 2.79% for the year (2019: ranged from 0.69% to 3.31% with Penguin Random House Limited).

Corporation tax represents amounts receivable from fellow UK subsidiaries of the Bertelsmann group in respect of current year tax losses surrendered in the UK.

## 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	-	16
Amounts owed to group undertakings	31	28
Accruals and deferred Income	-	11
	<b>31</b>	<b>55</b>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 9 CALLED UP SHARE CAPITAL

	2020		2019	
	£'000		£'000	
Total share capital	-		-	
	2020	2019	2020	2019
Ordinary share £1 each	No.	No.	£'000	£'000
Allotted and fully paid	100	100	-	-

## 10 RELATED PARTY DISCLOSURE

The immediate parent undertakings are Ventura Publishing Limited (85%) and PRHL (15%). Ventura Publishing Limited is a wholly owned subsidiary of Penguin Books Limited ("PBL") which is a wholly owned subsidiary of Penguin Random House Limited ("PRHL"). At the balance sheet date PRHL was owned by Bertelsmann UK 100%.

The Company's ultimate parent Company is Bertelsmann SE & Co KGaA, which is incorporated in Germany. Copies of Bertelsmann SE & Co KGaA's consolidated financial statements (the smallest and largest financial statements in which the Company is consolidated) can be obtained from:

Bertelsmann SE & Co  
KGaA Corporate  
Communications Carl  
Bertelsmann Strasse  
270 33311 Gütersloh  
Germany

As the Company is ultimately a wholly owned subsidiary of Penguin Random House Limited the Company is exempt from the requirement, under International Accounting Standard 24 'Related party disclosures', to disclose transactions with entities that are wholly owned by this Company. The Company has taken advantage of this exemption.