

Registered number: 01594405

SALSPOT LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**



SALSPOT LIMITED

COMPANY INFORMATION

Directors	Mark Gardiner Thomas Weldon Francesca Dow
Company secretary	Sinead Mary Martin
Registered number	01594405
Registered office	20 Vauxhall Bridge Road London SW1V 2SA
Independent auditors	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

SALSPOT LIMITED

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SALSPOT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic Report for Salspot Limited ("the Company") for the year ended 31 December 2022.

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.

Business review

The results and financial position of the Company are set out in the attached financial statements. Turnover for the year was £75,608 (2021: £115,480 as restated).

Key performance indicators ("KPIs")

The Company monitors progress and performance during the year and historical trend data which is set out in the following KPI's:

- Turnover for the year was £75,608 (2021: £115,480 as restated)
- Gross profit margin was 74.90% (2021: 72.71% as restated)

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.

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:

SALSPOT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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.

SALSPOT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

PRH Streamlined Energy and Carbon Reporting Disclosure 2022

UK Greenhouse gas emissions and energy use data for the period 1 January 2022 to 31 December 2022. The previous year ending 2021 figures have been included to demonstrate Penguin Random House's commitment to reducing their energy use and greenhouse gas emissions.

The scope of this disclosure includes both production and non-production sites based in multiple locations worldwide. The disclosure below includes worldwide greenhouse gas emissions and energy use data for the entire Penguin Random House Group UK.

Energy Consumption - Green Electricity – PRH made the decision to purchase electricity from Renewable Resources from October 2018 onwards.

	2021	2022
Total Energy Consumption kWh	9,994,580	9,453,796
Total Electricity Procured kWh	5,381,631	5,238,662
Percentage "Green Electricity"	100%	100%
Total Heat Procurement in kWh	4,543,842	4,338,628

In 2022

- Penguin Random House UK Facilities replaced over 135 light fittings with LED lights in 2022.
- The Solar PV installation at the Colchester Distribution Centre produced 387,102 kWh of electricity for the site, 17.7% of the total requirement in 2022.
- PRH achieved ISO14001 accreditation for their Environmental Management System
- There were noticeable increases in Emissions from employee business travel and employee commuting as work returns to normal after the Covid 19 pandemic.
- There are noticeably higher emissions in Scope 1 Stationary fuels in 2022, this is due to PRH incorrectly reporting Natural Gas supplied heating in Scope 2 Heat in previous years.

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. The details of these are outlined in the PRH Sustainability Policy https://wp.penguin.co.uk/wp-content/uploads/2022/06/Penguin_Sustainability_Policy_Spring_22-3.pdf

- **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 continue to be ethically and sustainably sourced.
- **Content:** use the power of our brand, books, and authors to amplify the climate emergency and encourage positive behaviour change

Site related emissions	unit	2020	2021	2022	% Diff
Scope 1 Stationary Fuels *	t CO2e	21	32	784	2350%
Scope 1 Refrigerant Losses	t CO2e	141	36	97	169%
Scope 2 Electricity	t CO2e	-	-	-	-
Scope 2 Heat *	t CO2e	982	1,178	111	-91%
Total	t CO2e	1,144	1,246	992	-20%

SALSPOT LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

PRH Streamlined Energy and Carbon Reporting Disclosure 2022 (continued)

Employee related emissions	unit	2020	2021	2022	% Diff
Scope 1 Mobile Fuels	t CO2e	32	33	60	82%
Scope 3 Business Travel	t CO2e	55	82	1,041	1170%
Scope 3 Employee Commuting	t CO2e	1,018	1,413	1,890	34%
Scope 3 IT Devices	t CO2e	499	229	315	38%
Scope 3 Office Paper	t CO2e	43	37	45	21%
Total	t CO2e	1,647	1,794	3,351	87%

Product related emissions	unit	2020	2021	2022	% Diff
Scope 3 Paper Manufacture	t CO2e	14,412	21,284	20,511	-4%
Scope 3 Printers / Print Materials	t CO2e	11,163	14,059	13,982	-1%
Scope 3 CD/DVD Manufacturing	t CO2e	-	65	165	154%
Scope 3 Warehouse Services	t CO2e	-	461	464	1%
Scope 3 Transport	t CO2e	5,833	9,278	9,114	-2%
Paper Mill to Printer	t CO2e	2,365	3,645	3,312	-9%
Other Materials to Printer	t CO2e	-	-	-	-
Printer to Warehouse	t CO2e	2,114	4,070	4,199	3%
Distribution (Delivery & Returns)	t CO2e	1,353	1,563	1,603	3%
Scope 3 Packaging & Transport Materials	t CO2e	-	785	939	20%
Scope 3 Video Production	t CO2e	-	-	-	-
Total before consolidation	t CO2e	31,407	45,932	45,175	-2%

SALSPOT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

PRH Streamlined Energy and Carbon Reporting Disclosure 2022 (continued)

Other Scope 3 Emissions	unit	2020	2021	2022	% Diff
Scope 3 Waste	t CO2e	83	168	199	18%
Scope 3 Energy related emissions	t CO2e	125	151	165	9%
Scope 3 End of Life (product waste)	t CO2e	900	889	922	4%
Total	t CO2e	1,108	1,208	1,286	6%

Total Emissions	t CO2e	35,307	50,180	50,806	1%
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Total Emissions	unit	2020	2021	2022	% Diff
Scope 1	t CO2e	194	101	942	833%
Scope 2	t CO2e	982	1,178	111	-91%
thereof heat	t CO2e	982	1,178	111	-91%
Scope 3	t CO2e	34,131	48,901	49,753	2%
Sum S1+S2+S3	t CO2e	35,307	50,180	50,806	1%

Intensity Ratio	Unit	2020	2021	2022	% Diff
Tonnes of CO2e per £M Revenue	t CO2e	63.99	96.87	95.57	1.35%

SALSPOT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

PRH Streamlined Energy and Carbon Reporting Disclosure 2022 (continued)

Reporting Methodology

We have followed the UK BEIS (Department Business, Energy & Industrial Strategy) 2019 guidance. The Management provides assurance that these disclosures are true and correct to the best of their knowledge as the energy and emission figures provided are taken from Bertelsmann's "Green Screen". This is a Bertelsmann owned internal recording application used by all companies within the Bertelsmann Group including Penguin Random House UK and adequate procedures are performed by Management to review the accuracy. 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.

In addition to the above, PRH have begun to offset site related emissions as of 2021.

Total	Offsetting	Unit	2021	2022	%Diff
Site related		t CO2e	1,279	1,053	-18%
Employee related		t CO2e	-	-	-
Product related		t CO2e	-	22	-

- * Pre 2022 gas supplies purchased direct from a supplier were reported as Scope 2 Heat instead of Scope 1 Stationary Fuels

SALSPOT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022


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).

This report was approved by the board and signed on its behalf.



.....
Mark Gardiner
Director

Date: 12 December 2023

SALSPOT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Future developments

The Company will continue to be the merchandise agent under licence agreement.

Going Concern

The Company meets its day to day working capital requirements from cash pool arrangement, together with operational cash flows, and trading intercompany balances within the group headed by Bertelsmann SE & Co. KGaA, the ultimate parent company.

The directors have prepared cash flow forecasts considering prior trends and expected titles to be published in the future and performed a going concern assessment which indicates that, in both the base and reasonably possible downsides, the Company will require additional funds, through funding from its ultimate parent company, Bertelsmann SE & Co. KGaA, to meet its liabilities as they fall due during 12 months from the date of approval of these financial statements, the going concern assessment period.

The directors considered the operating nature of the entity, current global economic uncertainty and expectations for the future trading along with the outstanding intercompany payables and intercompany 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 statements and therefore have prepared the financial statements on a going concern basis.

Results and dividends

The profit for the year, after taxation, amounted to £21,703 (2021 - £39,725 restated).

No dividends were paid during 2022 (2021: £nil).

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.

SALSPOT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Directors

The Directors who served during the year were:

Mark Gardiner
Thomas Weldon
Francesca Dow

Engagement 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.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

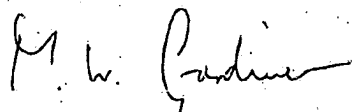
Political contributions

There have been no political contributions during the year (2021: £Nil).

Auditors

Following completion of current year audit, KPMG LLP will step down as the Company's auditors. The Board intends to subsequently appoint Grant Thornton UK LLP as the Company's successor auditor.

This report was approved by the board and signed on its behalf.



Mark Gardiner
Director

Date: 12 December 2023

20 Vauxhall Bridge Road
London
SW1V 2SA

SALSPOT LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgments and accounting 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 relating 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.

SALSPOT LIMITED

INDEPENDENT AUDITORS' 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 2022 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 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit 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.

SALSPOT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SALSPOT LIMITED

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.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets.

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 of the limited rationalisations and opportunities to fraudulently recognise revenue.

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 and those posted to unrelated accounts.

Identifying and responding to risks of material misstatement related to 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 noncompliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

SALSPOT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SALSPOT LIMITED

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:

- 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 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.

SALSPOT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SALSPOT LIMITED

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

Canary Wharf

London

E14 5GL

Date: 12 December 2023

SALSPOT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	As restated 2021 £
Turnover	4	75,608	115,480
Cost of sales		(18,977)	(31,514)
Gross profit		56,631	83,966
Administrative expenses		(32,282)	(29,381)
Operating profit	5	24,349	54,585
Interest receivable and similar income	7	2,446	47
Interest payable and similar expenses	8	-	(5,545)
Profit before tax		26,795	49,087
Tax on profit	9	(5,092)	(9,362)
Profit for the financial year		21,703	39,725

There were no recognised gains and losses for 2022 or 2021 other than those included in the profit and loss account.

The notes on pages 19 to 32 form part of these financial statements.

Continuing operations

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

Prior year balances have been restated, as detailed in note 14.

SALSPOT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	As restated 2021 £
Profit for the financial year		21,703	39,725
Other comprehensive income		-	-
Total comprehensive income for the year		21,703	39,725

The notes on pages 19 to 32 form part of these financial statements.

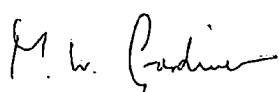
Prior year balances have been restated, as detailed in note 14.

SALSPOT LIMITED
REGISTERED NUMBER: 01594405

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	As restated 2021 £
Current assets			
Debtors: amounts falling due within one year	10	337,806	325,993
		<u>337,806</u>	<u>325,993</u>
Creditors: amounts falling due within one year	11	(60,106)	(69,996)
Net current assets		<u>277,700</u>	<u>255,997</u>
Total assets less current liabilities		<u>277,700</u>	<u>255,997</u>
Net assets excluding pension asset		<u>277,700</u>	<u>255,997</u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account		277,600	255,897
		<u>277,700</u>	<u>255,997</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 December 2023.



.....
Mark Gardiner
 Director

The notes on pages 19 to 32 form part of these financial statements.

Prior year balances have been restated, as detailed in note 14.

SALSPOT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	100	216,172	216,272
Comprehensive income for the year			
Profit for the year (As restated)	-	39,725	39,725
At 1 January 2022 (As restated)	100	255,897	255,997
Comprehensive income for the year			
Profit for the year	-	21,703	21,703
At 31 December 2022	100	277,600	277,700

The notes on pages 19 to 32 form part of these financial statements.

Prior year balances have been restated, as detailed in note 14.

SALSPOT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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 ("UK-adopted IFRS"), 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 preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in 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 (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

SALSPOT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Going concern

The Company meets its day to day working capital requirements from cash pool arrangement, together with operational cash flows, and trading intercompany balances within the group headed by Bertelsmann SE & Co. KGaA, the ultimate parent company.

The directors have prepared cash flow forecasts considering prior trends and expected titles to be published in the future and performed a going concern assessment which indicates that, in both the base and reasonably possible downsides, the Company will require additional funds, through funding from its ultimate parent company, Bertelsmann SE & Co. KGaA, to meet its liabilities as they fall due during 12 months from the date of approval of these financial statements, the going concern assessment period.

The directors considered the operating nature of the entity, current global economic uncertainty and expectations for the future trading along with the outstanding intercompany payables and intercompany 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 statements and therefore have prepared the financial statements on a going concern basis.

2.4 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 2022 that have had a material impact on the Company's financial statements.

SALSPOT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 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.

2.6 Turnover

Turnover consists of merchandise income, TV or film income as well as the sale of sub rights.

Merchandise income and TV or film income is recognised as turnover when the performance obligations under the agreement are satisfied. Where the brand is managed by external agents, revenue is recognised monthly based upon received reports.

Income from licensing and subrights are recognised as turnover when the the performance obligation under the agreement has been satisfied.

An assessment is made on the nature of each licence to determine if the customer receives a right to access or use of the company's intellectual property. The point of recognition is dependent upon this assessment when the rights are transferred and used.

Any incremental costs incurred by the Company in obtaining the license contracts are recognised as an asset if recovery of these costs is expected.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

SALSPOT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

SALSPOT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Financial assets

The company classifies its financial assets in the following categories:

- Amortised cost
- Fair Value through profit or loss (FVTPL)
- Fair Value through other comprehensive income (FVOCI)

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses.

Impairment losses are presented as a separate line item in the profit or loss under 'net impairment losses on financial and contract assets'.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. The company does not have any assets classified at FVOCI nor FVTPL.

The company assesses at the end of each reporting period whether there is objective evidence that one or more event has occurred which has impacted on the estimated cash flows of the financial asset.

Financial assets are impaired and impairment losses are incurred only if such objective evidence of impairment can be reliably measured.

SALSPOT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Trade debtors and amounts owed by group undertakings

Trade debtors and amounts owed by group undertakings are stated at amortised cost after provision for bad and doubtful debts. The provision for such events is shown separately in provisions for other liabilities.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for insignificant trade debtors and a risk score on an individual basis for significant trade debtors. To measure the expected credit losses, trade debtors are grouped based on shared credit risk characteristics and the balance of uninsured debt across the Company.

No impairment provision is made on amounts owed by group undertakings on the grounds that they are repayable on demand.

2.12 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.

3. Judgments in applying accounting policies and key sources of 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, however, there are no significant accounting judgements and estimates applicable to this entity.

4. Turnover

Analysis of turnover by country of destination:

	2022	As restated 2021
	£	£
United Kingdom	25,816	38,426
Rest of the World	49,792	77,054
	<u>75,608</u>	<u>115,480</u>

Turnover includes supplies made to geographical locations worldwide. The products sold, means of selling and commercial terms are similar across the various markets and, in the opinion of the directors, the geographical markets supplied are not substantially different from each other.

Prior year balances have been restated, as detailed in note 14.

SALSPOT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Wages and salaries	10,436	10,273
Other pension costs	876	868
Amounts receivable under long term incentives	818	776

Auditors' remuneration for the statutory audit of the Company was borne by Penguin Books Limited in 2022 and 2021.

No staff were employed by the Company in 2022 (2021: none). Administration expenses includes £12,130 (2021: £11,917) for directors' emoluments in respect of their services to the Company. See note 6 for further detail.

SALSPOT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. 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:

	2022	2021
	£	£
Directors' remuneration:		
Aggregate emoluments	10,436	10,273
Amounts receivable under long term incentives	818	776
Company pension contributions to money purchase schemes	876	868
	<u>12,130</u>	<u>11,917</u>

Retirement benefits are accruing to 2 directors (2021: 2) under defined benefit pension schemes and to 1 director (2021: 1) under a money purchase scheme.

SALSPOT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The highest paid directors' emoluments were as follows:

	2022	2021
	£	£
Highest paid director:		
Emoluments	6,025	6,107
Defined benefit pension scheme accrued at the end of the year	249	249
	<u>6,274</u>	<u>6,356</u>

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

7. Interest receivable

	2022	2021
	£	£
Interest receivable from group companies	2,446	47
	<u>2,446</u>	<u>47</u>

8. Interest payable and similar expenses

	2022	2021
	£	£
Interest payable to group companies	-	5,545
	<u>-</u>	<u>5,545</u>

SALSPOT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Taxation

	2022 £	As restated 2021 £
Corporation tax		
Current tax on profits for the year	5,092	9,326
Adjustments in respect of previous periods	-	36
	<u>5,092</u>	<u>9,362</u>
Total current tax	<u>5,092</u>	<u>9,362</u>
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	<u>5,092</u>	<u>9,362</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	As restated 2021 £
Profit on ordinary activities before tax	<u>26,795</u>	<u>49,087</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	5,092	9,326
Effects of:		
Adjustments to tax charge in respect of prior periods	-	36
Total tax charge for the year	<u>5,092</u>	<u>9,362</u>

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will impact the company's future current tax charge accordingly.

SALSPOT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Debtors

	2022 £	As restated 2021 £
Amounts owed by group undertakings	331,014	294,525
Prepayments and accrued income	6,792	31,468
	<u>337,806</u>	<u>325,993</u>

Amounts owed by group undertakings are unsecured and repayable on demand. Included within this is £193,950 owed from Bertelsmann UK Limited (2021: £216,000 owed from Penguin Random House Limited) in respect of cash pooling agreements. These amounts incur interest on a monthly basis; the interest rate ranges from 0.05% to 3.25% for the year (2021: ranged from 0.05% to 2.79% with Penguin Random House Limited).

Prior year balances have been restated, as detailed in note 14.

11. Creditors: Amounts falling due within one year

	2022 £	As restated 2021 £
Amounts owed to group undertakings	48,582	34,538
Corporation tax	9,335	9,327
Accruals and deferred income	2,189	26,131
	<u>60,106</u>	<u>69,996</u>

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

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

Prior year balances have been restated, as detailed in note 14.

12. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
100 (2021 - 100) Ordinary share shares of £1.00 each	<u>100</u>	<u>100</u>

SALSPOT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13. Controlling party and related party transactions

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.

14. Prior year adjustments

The company has restated certain prior year balances relating to the following issue identified during the course of preparing these financial statements.

Recognition of IP income

The directors have reassessed the information available to them at the time of signing the 31 December 2021 financial statements and restated its IP income and related costs to ensure revenue is recognised in the period within which the performance obligations are satisfied.

There was no impact on the opening reserves as at 1 January 2021.

There were impacts in the year ended 31 December 2021 increasing 'Turnover' and 'Prepayments and accrued income' by £31,468, increasing 'Cost of sales' and 'Accruals and deferred income' by £9,134 and increasing 'Tax on profit' and 'Corporation tax payable' by £4,243.

The total impact on 'Retained earnings' following the restatements as at 31 December 2021 was an increase of £18,091.

SALSPOT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<i>Previously reported 2021</i>	<i>Restated 2021</i>
	£	£
(i) Impact of restatements on Profit and Loss Account and Other Comprehensive Income		
Turnover	84,012	115,480
Cost of Sales	<u>(22,380)</u>	<u>(31,514)</u>
Gross profit	61,632	83,966
Administrative expenses	<u>(29,381)</u>	<u>(29,381)</u>
Operating profit	32,251	54,585
Interest receivable	47	47
Interest payable	<u>(5,545)</u>	<u>(5,545)</u>
Profit before taxation	26,753	49,087
Tax on profit	<u>(5,119)</u>	<u>(9,362)</u>
Profit for the financial year	<u><u>21,634</u></u>	<u><u>39,725</u></u>
	<i>Previously reported 2021</i>	<i>Restated 2021</i>
	£	£
(ii) Impact of restatements on Balance Sheet		
Current assets		
Debtors	<u>294,525</u>	<u>325,993</u>
	294,525	325,993
Creditors: amounts falling due within one year	<u>(56,619)</u>	<u>(69,996)</u>
Net current assets	<u>237,906</u>	<u>255,997</u>
Total assets less current liabilities	<u>237,906</u>	<u>255,997</u>
Net assets	<u><u>237,906</u></u>	<u><u>255,997</u></u>
Capital and Reserves		
Called up share capital	100	100
Profit and loss account	<u>237,806</u>	<u>255,897</u>
Total equity	<u><u>237,906</u></u>	<u><u>255,997</u></u>

SALSPOT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<i>Previously reported 2021 £</i>	<i>Restated 2021 £</i>
(iii) Impact on debtors note		
Amounts owed by group undertakings	294,525	294,525
Prepayments and accrued income	-	31,468
	<u>294,525</u>	<u>325,993</u>

	<i>Previously reported 2021 £</i>	<i>Restated 2021 £</i>
(iv) Impact of restatements on creditors note		
Amounts owed to group undertakings	34,538	34,538
Corporation tax	5,084	9,327
Accruals and deferred income	16,997	26,131
	<u>56,619</u>	<u>69,996</u>

	<i>Previously reported 2021 £</i>	<i>Restated 2021 £</i>
(v) Impact of restatements on Tax on Profit		
UK corporation tax on profit for the year	5,083	9,326
Adjustments in respect of prior years	36	36
	<u>5,119</u>	<u>9,362</u>

	<i>Previously reported 2021 £</i>	<i>Restated 2021 £</i>
(vi) Impact of restatements on Turnover		
United Kingdom	27,955	38,426
Rest of the World	56,057	77,054
	<u>84,012</u>	<u>115,480</u>