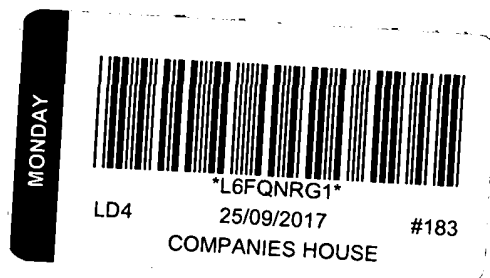


# **SNOWMAN ENTERPRISES LIMITED**

## **ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**



**SNOWMAN ENTERPRISES LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2016  
STRATEGIC REPORT**

The directors present their Strategic Report for the year ended 31 December 2016.

**Principal activities**

The company is a subsidiary of Penguin Random House Limited, a company registered in England and Wales. The company is UK domiciled and registered in England and Wales. The principal activity of the company continues to be the exploitation of the media rights to the original Snowman film.

**Review of the business**

The results and financial position of the company are set out in the attached financial statement. Turnover in 2016 was driven by strong merchandise and DVD sales of the original Snowman film. Operating profit at £349,000 was £116,000 higher than the prior year (2015: £233,000).

**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 £506,000 (2015: £378,000); and
- Gross margin percentage for the year was 74% (2015: 62%).

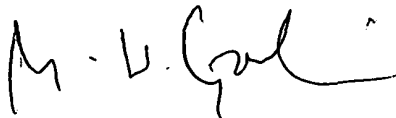
**Principal Risks and Uncertainties**

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.

**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



---

M. GARDINER  
Director

22 September 2017

**SNOWMAN ENTERPRISES LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2016  
DIRECTORS' REPORT**

The directors present their annual report and audited financial statements of the company for the year ended 31 December 2016.

**Future developments**

Looking ahead, the market remains challenging and the economic backdrop remains similarly tough. The company will continue to exploit the media rights to the original Snowman film. The directors do not anticipate any significant changes in the activities of the company.

**Results and dividends**

Dividends of £500,000 (2015: nil) were paid during 2016 and the company reported a profit for the financial year of £281,000 (2015: £204,000).

**Financial instruments**

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.

**Directors**

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

Helena Peacock (Secretary, termination 30 June 2016)  
Sinead Martin (Secretary, appointment 30 June 2016)  
Francesca Dow  
Mark Gardiner  
Muna Hagler  
Thomas Weldon

**Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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 prepared 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 (FRS 101).

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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to present and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**SNOWMAN ENTERPRISES LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2016**  
**DIRECTORS' REPORT (continued)**

**Statement of disclosure of information to auditors**

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

**Independent auditors**

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

On behalf of the Board

A handwritten signature in black ink, appearing to read 'M. Gardiner', with a small checkmark at the end.

M GARDINER  
Director

22 September 2017

**SNOWMAN ENTERPRISES LIMITED****INCOME STATEMENT**

For the year ended:

31 December 2016

		2016	2015
	Note	£'000	£'000
Turnover	3	506	378
Cost of sales		(131)	(145)
Gross profit		375	233
Administrative expenses		(26)	-
Operating profit	5	349	233
Interest receivable and similar income		2	-
Interest payable and similar expenses		-	(1)
Profit before taxation		351	232
Tax on profit	6	(70)	(28)
Profit for the financial year		281	204

The notes on pages 11 to 16 form part of these financial statements.

**SNOWMAN ENTERPRISES LIMITED****STATEMENT OF COMPREHENSIVE INCOME**

For the year ended:

31 December 2016

	2016	2015
	£'000	£'000
<b>Profit for the financial year</b>	<b>281</b>	<b>204</b>
<b>Other Comprehensive Income for the year, net of tax</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>	<b>281</b>	<b>204</b>

The notes on pages 11 to 16 form part of these financial statements.

**SNOWMAN ENTERPRISES LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

***Independent auditors' report to the members of Snowman Enterprises Limited***

**Report on the financial statements**

---

**Our opinion**

In our opinion, Snowman Enterprises Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

**What we have audited**

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 December 2016;
- the Income Statement and the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

---

**Opinions on other matters prescribed by the Companies Act 2006**

---

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

---

**Other matters on which we are required to report by exception**

---

**Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

**SNOWMAN ENTERPRISES LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

# ***Independent auditors' report to the members of Snowman Enterprises Limited (continued)***

---

## **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

---

## **Responsibilities for the financial statements and the audit**

---

### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---

### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

---

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Philip Stokes (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
22 September 2017



## SNOWMAN ENTERPRISES LIMITED

## BALANCE SHEET

As at 31 December 2016

		2016	2015
	Note	£'000	£'000
<b>Fixed Assets</b>			
Investments	11	-	-
<b>Current assets</b>			
Stocks		-	-
Debtors	8	1,059	1,013
Cash at bank and in hand		-	-
Creditors: amounts falling due within one year	9	(372)	(108)
<b>Net current assets</b>		<b>687</b>	<b>905</b>
<b>Total assets less current liabilities</b>		<b>687</b>	<b>905</b>
<b>Net assets</b>		<b>687</b>	<b>905</b>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Retained Earnings		687	905
<b>Total shareholders' funds</b>		<b>687</b>	<b>905</b>

These financial statements on pages 7 to 16 were authorised for issue by the board of directors on 22 September 2017 and were signed on its behalf by:



M GARDINER  
Director  
Snowman Enterprises Limited  
Registered no: 1603770

**SNOWMAN ENTERPRISES LIMITED****STATEMENT OF CHANGES IN EQUITY**

For the year ended:

31 December 2016

	<b>Called Up Share capital £'000</b>	<b>Retained Earnings £'000</b>	<b>Total Shareholders' Funds £'000</b>
At 1 January 2015	-	701	701
<b>Changes in equity</b>			
Total comprehensive income for the financial year	-	204	204
<b>At 31 December 2015</b>	-	<b>905</b>	<b>905</b>
<b>Changes in equity</b>			
Dividends	-	(500)	(500)
Total comprehensive income for the financial year	-	281	281
<b>At 31 December 2016</b>	-	<b>687</b>	<b>687</b>

The notes on pages 11 to 16 form part of these financial statements.

## **SNOWMAN ENTERPRISES LIMITED**

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

For the year ended:  
31 December 2016

#### **1**

#### **GENERAL INFORMATION**

Snowman Enterprises Limited exploits the media rights to the original Snowman film. The company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is 80 Strand, London, WC2R 0RL.

#### **2**

#### **STATEMENT OF COMPLIANCE**

The individual financial statements of Snowman Enterprises Limited 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.

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, change in accounting estimates and errors' (requirement for the disclosure of information when entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - Paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements'
  - 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)

##### **Basis of consolidation**

The company is a wholly-owned subsidiary of Penguin Random House Limited and is included in the consolidated financial statements of Bertelsmann SE & Co KGaA which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006. These financial statements present information about the company as an individual undertaking and not about the group.

**SNOWMAN ENTERPRISES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended:

31 December 2016

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

The financial statements are prepared on a going concern basis which the directors believe to be appropriate in light of the company's current trading performance. This had been considered for at least the next twelve months from the date of approval of these financial statements.

**New standards, amendments and IFRIC interpretations**

No new accounting standards or amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2016 have had a material impact on the company.

**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 entity 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 a currency other than the functional currency ('foreign currency') are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement.

**Turnover**

Turnover consists of merchandise income and TV or film income. Merchandise income and TV or film income is recognised when the invoice is raised if the brand is managed in-house. If the brand is managed by an external agent the turnover is recognised monthly based upon reports from external agents.

**Income from sub rights**

Fees charged for the use of rights granted by the agreement and related services are recognised as revenue as the rights are used and the right to receive payment is established.

**Taxation**

The tax expense for the year comprises current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

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

**Investments**

Investments in subsidiaries are stated at cost less a provision for impairment. At the year-end management reviewed the investments in order to determine whether there was any objective evidence present that in accordance with IAS 36 would lead to impairment. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date, if there have been favourable events or changes in circumstances, since the impairment loss was recognised that would indicate that the impairment loss no longer exists or might have decreased.

**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 and anticipated future sales returns. 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.

**SNOWMAN ENTERPRISES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended:

31 December 2016

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

**4****TURNOVER**

	2016
<b>Geographical markets supplied by origin</b>	<b>£'000</b>
United Kingdom	371
Rest of Europe	11
Americas	101
Asia	23
	<b>506</b>

Geographical analysis is based on the region in which the order is received. It would not be materially different if based on the country in which the customer is located.

The Company's activities consist of one class of business namely publishing children's books and associated products.

**5****OPERATING PROFIT**

Auditors' remuneration for the statutory audit of the company was borne by The Random House Group Limited and recharged to Snowman Enterprises Limited as part of a management recharge. This amounted to £7,297 (2015: £7,000). No other services were provided by the company's auditors.

No staff were employed by the company (2015: none). The directors received no emoluments in respect of their services to the Company in 2016 and 2015.

## SNOWMAN ENTERPRISES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended:

31 December 2016

## 6

## TAX ON PROFIT

	2016	2015
	£'000	£'000
Current tax :		
UK corporation tax on profits for the year	70	49
Adjustments in respect of prior years	-	(21)
<b>Total current tax</b>	<b>70</b>	<b>28</b>
<b>Tax charge on profit</b>	<b>70</b>	<b>28</b>
<b>UK standard effective rate of corporation tax (%)</b>	<b>20</b>	<b>20.25</b>

The tax assessed for the year is the same (2015: differs from) the standard effective rate of corporation tax in the UK as explained below:

	2016	2015
	£'000	£'000
<b>Profit on ordinary activities before taxation</b>	<b>351</b>	<b>232</b>
Profit before taxation multiplied by UK standard effective rate	70	47
Effects of :		
Income exempt from taxation	-	2
Adjustments in respect of prior years	-	(21)
<b>Total tax charge for the year</b>	<b>70</b>	<b>28</b>

The standard rate of corporation tax in the United Kingdom changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits / losses are taxed at an effective rate of 20% (2015: 20.25%). During 2016 changes to the UK main corporation tax rate were enacted. The tax rate has fallen to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020.

## 7

## DIVIDENDS

	2016	2015	2016	2015
	£ per share	£ per share	£'000	£'000
<b>Equity – Ordinary</b>				
Dividends paid in the year	5,000	-	500	-

## 8

## DEBTORS

	2016	2015
	£'000	£'000
<b>Debtors amounts falling due within one year :</b>		
Trade debtors	-	19
Amounts owed by group undertakings	1,059	981
Other debtors	-	13
	<b>1,059</b>	<b>1,013</b>

The company continues to trade with the support of Penguin Random House Limited and the amounts owed by group undertakings relate mainly to Penguin Random House Limited. Penguin Books Limited is responsible for the administration of the company's accounts receivable and payable. Amounts owed by group undertakings are unsecured, interest free and repayable on demand. There is no provision value on these assets.

**SNOWMAN ENTERPRISES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended:

31 December 2016

9

**CREDITORS: amounts falling due within one year**

	2016	2015
	£'000	£'000
<b>Amounts falling due within one year :</b>		
Trade creditors	-	-
Amounts owed to group undertakings	(283)	(38)
Corporation tax	(70)	(28)
Other creditors	(19)	(42)
	<b>(372)</b>	<b>(108)</b>

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

10

**CALLED UP SHARE CAPITAL**

	2016	2015
	£'000	£'000
Total share capital	-	-

	2016	2015	2015	2015
	No	No	£'000	£'000
<b>Ordinary share £1 each</b>				
Allotted and fully paid	100	100	-	-

11

**INVESTMENTS – SUBSIDIARY UNDERTAKINGS**

Snowman Enterprises Limited is the immediate parent undertaking of Snowdog Enterprises Limited, the value of the investment is £100 (2015: £100).

**Details of subsidiary undertakings:**

					2016	2015
Subsidiary	Principal activity	Class of shares held	Country of incorporation	Address	% owned	% owned
Snowdog Enterprises Limited	Publishing & distribution	Ordinary	England	80 Strand London WC2R 0RL	100%	100%

**SNOWMAN ENTERPRISES LIMITED**

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

**For the year ended:  
31 December 2016**

**12**

**RELATED PARTIES**

The immediate parent undertaking is Penguin Books Limited.

Penguin Books Limited is a wholly owned subsidiary of Penguin Random House Limited ("PRHL"). At the balance sheet date PRHL was owned by Bertelsmann UK Limited (53%) and Pearson PRH Holdings Limited (47%). 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 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.