

**Snowman Enterprises Limited**

Registered Number:

1603770

Annual Report and Financial Statements

For the year ended:

31 December 2014

WEDNESDAY



\*L4IHVB30\*

LD5

21/10/2015

#52

COMPANIES HOUSE

**Snowman Enterprises Limited**  
**For the year ended 31 December 2014**

**STRATEGIC REPORT**

The directors present their Strategic Report of Snowman Enterprises Limited ("the Company") for the year ended 31 December 2014.

**Principal activities**

The Company is a subsidiary of Penguin Books Limited, which is a subsidiary of Penguin Random House Limited, a company registered in the United Kingdom. The principal activity of the Company continues to be the exploitation of the media rights to the original Snowman film.

**Business review**

The Company will continue to exploit the media rights to the original Snowman film with the support of the Penguin Random House Limited group.

In the prior year, the directors elected to change the accounting reference date of the Company to 31 December. The prior period comparatives therefore cover an 18 month period to 31 December 2013.

The results and financial position of the Company are set out in the attached financial statements. Turnover in 2014 was driven by strong merchandise and DVD sales of the original Snowman film, but was down on 2013 which included a UK 10 year TV deal renewal. Year on year costs of sales are down. 2013 cost of sales included costs associated with a one-off live orchestral performance of Snowman & Snowdog. Operating profit at £418,000 was £72,000 higher than the prior period.

**Key performance indicators ("KPIs")**

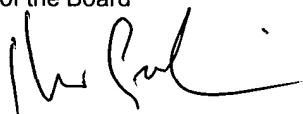
The Company instead monitors progress and performance during the year and historical trend data is set out in the following key performance indicators:

- Turnover for the year was £470,000 (2013: £524,000); and
- Gross margin for the year was 89% (2013: 70%).

**Principal risks and uncertainties**

The principal risks and uncertainties of the Company are reported in the Directors' Report on page 2.

By Order of the Board



Mark Gardiner  
Director

16 October 2015

**Snowman Enterprises Limited**  
**For the year ended 31 December 2014**

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements of Snowman Enterprises Limited ("the Company") for the year ended 31 December 2014. The Company has met the criteria per section 382 of the Companies Act 2006 to qualify as a small company.

**Principal risks and uncertainties**

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 the Penguin Random House Limited board on a regular basis. 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. The Company is also facing increased pressure on margins with rising raw material costs and price competition. Other risks arise from the decline in retail space and economic uncertainty.

**Financial risk management**

It is the Company's policy to implement financial risk management objectives and policies, for each major type of forecasted transaction. The directors consider the entity's exposure to price risk, credit risk and liquidity risk.

**Future development**

With the support of the Penguin Random House Limited group, the Company will continue to exploit the media rights to the original Snowman film.

**Results and dividends**

The directors do not propose the payment of a dividend for year ended 31 December 2014 (period ended 31 December 2013: £nil), and the profit for the financial year of £328,000 (period ended 31 December 2013: £272,000) is to be transferred to reserves.

**Directors**

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

Helena Peacock (Secretary)  
Francesca Dow  
Mark Gardiner (appointed 31 March 2014)  
Muna Hagler  
Thomas Weldon  
Suzanne Brennan (resigned 1 April 2014)

**DIRECTORS' REPORT (continued)**

**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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 (see Note 1 for further details).

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

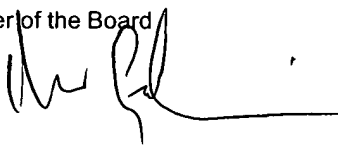
The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Disclosure of information to auditors**

In accordance with Section 418, Directors' Reports shall include a statement, in the case of each director in office at the date the Directors' Report is approved, that:

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

By Order of the Board



Mark Gardiner  
Director

16 October 2015

**Snowman Enterprises Limited**

**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 2014 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**

Snowman Enterprises Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account 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 applicable law and United Kingdom Accounting Standards (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.

---

**Opinion on other matter prescribed by the Companies Act 2006**

---

In our opinion, 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.

---

**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.

---

**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.

---

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to prepare financial statements in accordance with the small companies regime. 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**

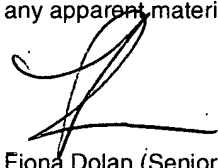
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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



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

October 2015

16

**Snowman Enterprises Limited**

**PROFIT AND LOSS ACCOUNT**

**For the year ended:**

**31 December 2014**

		<b>Year ended 31 December 2014</b>	<b>18 month period to 31 December 2013</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	1	<b>470</b>	524
<b>Cost of sales</b>		<b>(52)</b>	(155)
Gross profit		<b>418</b>	369
Administrative expenses		-	(23)
<b>Operating profit</b>		<b>418</b>	346
Tax on profit on ordinary activities	4	<b>(90)</b>	(74)
<b>Profit for the financial year/period</b>		<b>328</b>	272

The results above are all derived from continuing activities.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year/period stated above and their historical cost equivalents.

The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 8 to 11 form part of these financial statements.

**Snowman Enterprises Limited**

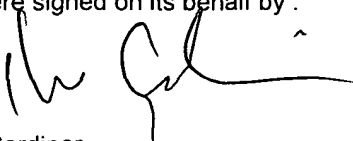
**BALANCE SHEET**

As at:  
31 December 2014

Company registered number:  
1603770

		31 December 2014	31 December 2013
	Note	£'000	£'000
<b>Current assets</b>			
Stocks	5	100	100
Debtors	6	481	150
Cash at bank and in hand		210	197
		791	447
Creditors: amounts falling due within one year	7	(90)	(74)
<b>Net current assets</b>		<b>701</b>	<b>373</b>
<b>Total assets less current liabilities</b>		<b>701</b>	<b>373</b>
<b>Net assets</b>		<b>701</b>	<b>373</b>
<b>Capital and reserves</b>			
Called up share capital	8	-	-
Profit and loss account	9	701	373
<b>Total shareholders' funds</b>		<b>701</b>	<b>373</b>

The financial statements on pages 6 to 11 were approved by the board of directors on 16 October 2015 and were signed on its behalf by :



Mark Gardiner  
Director



## **Snowman Enterprises Limited**

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

**For the year ended:  
31 December 2014**

#### **1**

#### **Accounting policies**

##### **Basis of accounting**

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below.

##### **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.

##### *Going concern*

The financial statements have been prepared on a going concern basis in view of the fact the Company is dependant for its working capital on funds provided to it by Penguin Random House Limited. Penguin Random House Limited has indicated that it will provide sufficient funding to the Company to enable it to meet its liabilities as they fall due for at least the next twelve months from the date of approval of these financial statements. The directors have no reason to believe that the parent company will not be in a position to provide this support and accordingly, they have prepared these financial statements on a going concern basis.

##### **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 revenue is recognised monthly based upon reports from external agents.

##### **Debtors**

Intercompany debtors are stated at fair value after provision for anticipated future sales returns. Balances owned by group undertakings are unsecured, interest free and repayable on demand.

##### **Stocks**

Finished goods, work in progress and materials are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Costs comprise production costs for a film which is the subject of a licensing agreement.

#### **2**

#### **Cash flow statement and Related Party Transactions**

The Company has met the criteria per section 382 of the Companies Act 2006 to qualify as a small company. As a result, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 "Cash flow statements" (Revised 1996).

The Company is a wholly-owned subsidiary of Penguin Books Limited as such has taken exemption under FRS 8 "Related party disclosures" from disclosing related party transactions with Penguin Books Limited and its subsidiaries.

#### **3**

#### **Operating profit**

Auditors' remuneration for the statutory audit of the Company was borne by Penguin Books Limited and recharged to Snowman Enterprises Limited as part of a management recharge. This amounted to £7,000 (2013: £7,000). No other services were provided by the Company's auditors.

No staff were employed by the Company (2013: none). The directors received no emoluments in respect of their services to the Company in 2014 and 2013.

**Snowman Enterprises Limited**

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

**For the year ended:**

**31 December 2014**

**4**

**Tax on profit on ordinary activities**

	<b>Year ended 31 December 2014</b>	<b>18 month period to 31 December 2013</b>
	<b>£'000</b>	<b>£'000</b>
Current tax :		
UK corporation tax on profits for the year/period	<b>90</b>	<b>74</b>
<b>Total current tax</b>	<b>90</b>	<b>74</b>
<b>Tax charge on profit on ordinary activities</b>	<b>90</b>	<b>74</b>
<b>UK standard effective rate of corporation tax (%)</b>	<b>21.50</b>	<b>23.5</b>

The tax assessed for the year is equal to (2013: differs from) the standard effective rate of corporation tax in the UK as explained below:

	<b>Year ended 31 December 2014</b>	<b>18 month period to 31 December 2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit on ordinary activities before taxation</b>	<b>418</b>	<b>346</b>
Profit on ordinary activities before taxation multiplied by UK standard effective rate	90	81
Effects of :		
Other allowable deduction	-	(1)
Utilisation of tax losses	-	(6)
<b>Current tax charge for the year/period</b>	<b>90</b>	<b>74</b>

The standard rate of corporation tax in the United Kingdom changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits are taxed at an effective rate of 21.5%. During the period changes to the UK main corporation tax rate were enacted. The tax rate has fallen to 20% with effect from 1 April 2015.

**5**

**Stocks**

	<b>Year ended 31 December 2014</b>	<b>18 month period to 31 December 2013</b>
	<b>£'000</b>	<b>£'000</b>
Film production cost	<b>100</b>	<b>100</b>

**Snowman Enterprises Limited**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended:**  
**31 December 2014**

**6**  
**Debtors**

	31 December 2014	31 December 2013
	£'000	£'000
<b>Amounts falling due within one year :</b>		
Amounts owed by group undertakings	481	150
	<b>481</b>	<b>150</b>

The Company continues to trade with the support of its parent company Penguin Books Limited and the amounts owed by group undertakings relate mainly to Penguin Books 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.

**7**  
**Creditors**

	31 December 2014	31 December 2013
	£'000	£'000
<b>Amounts falling due within one year :</b>		
Corporation tax	(90)	(74)
	<b>(90)</b>	<b>(74)</b>

**8**  
**Called up share capital**

	31 December 2014		31 December 2013	
	£'000		£'000	
Total share capital	-		-	

	2014	2013	2014	2013
	No	No	£'000	£'000
<b>Ordinary share £1 each</b>				
Allotted and fully paid	100	100	-	-

# Snowman Enterprises Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended:

31 December 2014

### 9

#### Reserves

	Profit and loss account £'000	Total £'000
At 1 January 2014	373	373
Profit for the financial year	328	328
<b>At 31 December 2014</b>	<b>701</b>	<b>701</b>

### 10

#### Reconciliation of movements in shareholders' funds

	31 December 2014 £'000	31 December 2013 £'000
Profit for the financial year	328	272
<b>Opening shareholders' funds</b>	<b>373</b>	<b>101</b>
<b>Closing shareholders' funds</b>	<b>701</b>	<b>373</b>

### 11

#### Investments – subsidiary undertakings

Snowman Enterprises Limited is the immediate parent undertaking of Snowdog Enterprises Limited, the value of the investment is £100 (2013: £100).

#### Details of subsidiary undertakings :

Subsidiary	Principal activity	Class of shares held	Country of incorpor- ation	2014	2013
				% owned	% owned
Snowdog Enterprises Limited	Publishing & Distribution	Ordinary	UK	100	100

### 12

#### Ultimate parent undertaking

The immediate parent undertaking is Penguin Books Limited.

Penguin Books Limited is a wholly owned subsidiary of Penguin Random House Limited ("PRHL"). PRHL is owned by Bertelsmann UK Limited 53% and Pearson PRH Holdings Limited 47%. The Company's ultimate parent undertaking and controlling party is Bertelsmann SE & Co KGaA, which is incorporated in Germany, copies of whose 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  
Postfach 111  
D-33311 Gütersloh  
Germany