Registered number: 02621654

VIRGIN BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

VIRGIN BOOKS LIMITED

COMPANY INFORMATION

Directors	Mark Gardiner Thomas Weldon
Company secretary	Sinead Martin
Registered number	02621654
Registered office	20 Vauxhall Bridge Road London SW1V 2SA
Independent auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present their Strategic Report of Virgin Books Limited ("the Company") for the year ended 31 December 2021.

Business review

The results and financial position of the Company are set out in the attached financial statements.

Turnover of £5,328,259 (2020: £6,530,211). Gross profit margin for the year was 81% (2020: 55%).

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 changing book market and particularly the transition to digital is creating both challenges and opportunities for the Company, notably regarding the latter in terms of new markets and sales channels. The Company is facing increased pressure on margins. 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.

Key performance indicators ("KPI's")

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

- Turnover was £5,328,259 (2020: £6,530,000)

COVID-19

The safety of our employees is a major concern for us and the Company has implemented a comprehensive program of employee safety management and communication through each developing stage in the fight against this global pandemic. We follow governmental advice on safe working conditions and good business practice.

The directors of the Company do not see COVID-19 impacting their view that the Company will continue to operate as a going concern through 2022 and the foreseeable future.

Directors' statement of compliance with duty to promote the success of the Company

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

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

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

The directors fulfil these duties as follows:

The interest of the company's employees

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

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

PRH Streamlined Energy and Carbon Reporting Disclosure 2021

UK Greenhouse gas emissions and energy use data for the period 1 January 2021 to 31 December 2021. The previous year 2020 have been included to demonstrate Penguin Random House's commitment to reducing their energy use and greenhouse gas emissions.

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

	2020	2021
Total Energy Consumption kWh	10,962,570	9,994,580
Total Electricity Procurement kWh	5,959,860	5,314,610
Percentage "Green Electricity"	100%	100%
Total Heat Procurement in kWh	4,809,220	4,446,640
Primary Energy Consumption in kWh	193,490	233,330

In 2021

- Penguin Random House UK Facilities replace end of life lighting with LED lights as standard practice reducing usage year on year.
- Installed Solar PV panels on the roof of one of the Distribution Centres. This is predicted to provide 13.5% of that site's total electricity usage.
- Due to the Covid 19 Virus Penguin Random House employee travel and commuting increased slightly but was still not as high as in pre pandemic years.
- There are noticeably higher emissions in scope 3 in 2021, this is due to higher CO2 factors for paper suppliers, distribution packaging, and transport.

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://www.penguin.co.uk/content/dam/company-pages/sustainability-hub/Spring'21_Penguin_Sustainability_Policy.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 are ethically and sustainably sourced
- **Content:** use the power of our brand, books and authors to amplify the climate emergency and encourage positive behaviour change

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

PRH Streamlined Energy and Carbon Reporting Disclosure 2021 (continued)

Site related emissions	unit	2020n	2021	D
Scope 1 Stationary Fuels	t CO2e	21	32	52%
Scope 1 Refrigerant Losses	t CO2e	141	36	-74%
Scope 2 Electricity	t CO2e	-	-	-
Scope 2 Heat	t CO2e	982	1,178	20%
Total	**t CO2e**	**1,144**	**1,246**	**9%**

Employee related emissions	unit	2020n	2021	D
Scope 1 Mobile Fuels	t CO2e	32	33	3%
Scope 3 Business Travel	t CO2e	55	82	49%
Scope 3 Employee Commuting	t CO2e	1,018	1,413	39%
Scope 3 IT Devices	t CO2e	499	229	-54%
Scope 3 Office Paper	t CO2e	43	37	-14%
Total	**t CO2e**	**1,647**	**1,794**	**9%**

Product related emissions	unit	2020n	2021	D
Scope 3 Paper Manufacture	t CO2e	14,412	21,284	48%
Scope 3 Printers / Print Materials	t CO2e	11,163	14,059	26%
Scope 3 CD/DVD Manufacturing	t CO2e	-	65	-
Scope 3 Warehouse Services	t CO2e	-	461	-
Scope 3 Transport	t CO2e	5,832	9,278	59%
Paper Mill to Printer	*t CO2e*	*2,365*	*3,645*	*54%*
Other Materials to Printer	*t CO2e*	-	-	-
Printer to Warehouse	*t CO2e*	*2,114*	*4,070*	*92%*
Distribution (Delivery & Returns)	*t CO2e*	*1,353*	*1,563*	*16%*
Scope 3 Packaging & Transport Materials	t CO2e	-	785	-
Scope 3 Video Production	t CO2e	-	-	-
Total before consolidation	**t CO2e**	**31,407**	**45,932**	46%

Other Scope 3 Emissions	unit	2020n	2021	D
Scope 3 Waste	t CO2e	83	168	102%
Scope 3 Energy related emissions	t CO2e	125	151	21%
Scope 3 End of Life (product waste)	t CO2e	900	889	-1%
Total	**t CO2e**	**1,108**	**1,208**	**9%**

Total Emissions	**t CO2e**	**35,306**	**50,180**	**42%**

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

PRH Streamlined Energy and Carbon Reporting Disclosure 2021 (continued)

Total Emissions	unit	2020n	2021	D
Scope 1	t CO2e	194	101	-48%
Scope 2	t CO2e	982	1,178	20%
thereof heat	*t CO2e*	*982*	*1,178*	20%
Scope 3	t CO2e	34,130	48,901	43%
Sum S1+S2+S3	**t CO2e**	**35,306**	**50,180**	**42%**

Intensity Ratio	Unit	2020	2021	D
Tonnes of CO2e per £M Revenue	**t CO2e**	**63.99**	**96.87**	**51%**

Reporting Methodology

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

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Business relationships with suppliers, customers and others

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

Community and environment

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

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 on 9 September 2022 and signed on its behalf.

M. W. Gardiner

Mark Gardiner
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The directors who served during the year were:

Mark Gardiner
Thomas Weldon

Future developments

The Company will continue to seek suitable publishing opportunities to ensure growth. The directors do not anticipate any significant changes in the activities of the Company. The directors of the Company do not see COVID-19 impacting their view that the Company will continue to operate as a going concern through 2022 and 2023.

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 as not significant.

Going Concern

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

Directors considered the operating nature of the entity and expectations for the future trading along with the outstanding inter-company payables and inter-company receivables for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its ultimate parent Bertelsmann SE & Co. KGaA and repayment of outstanding balances from fellow subsidiaries to meet its liabilities as they fall due for that period.

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

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial.
Further details regarding the adoption of the going concern basis can be found in Note 2 to the financial statements.

Dividends

No dividend was paid during the year (2020: £nil). No final dividend is proposed (2020: £nil).

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Engagement with employees

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests.

Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its prosperity. The Company encourages the involvement of employees by means of regular meetings with staff and staff representatives to keep them informed of the Company's progress. The Company operates a defined contribution pension scheme for which all employees are eligible.

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, and disability or sexual orientation.

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

Engagement with 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 auditor

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 auditor is 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 auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

This report was approved by the board on 9 September 2022 and signed on its behalf.

M. W. Gardiner

Mark Gardiner
Director

20 Vauxhall Bridge Road
London
SW1V 2SA

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRGIN BOOKS LIMITED

Opinion

We have audited the financial statements of VIRGIN BOOKS LIMITED ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, Statement of 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 2021 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.

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.

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, those posted to unrelated accounts and those posted unusually to cash or borrowings.

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 non-compliance or fraud and cannot be expected to detect non- compliance with all laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRGIN BOOKS 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 , the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be *expected to influence the economic decisions of users taken on the basis of the financial statements.*

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRGIN BOOKS 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

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 September 2022

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	*2020* *£*
Turnover	4	**5,328,259**	*6,530,211*
Cost of sales		**(986,124)**	*(2,888,743)*
Gross profit		**4,342,135**	*3,641,468*
Distribution costs		**(288,181)**	*(313,476)*
Administrative expenses		**(2,350,647)**	*(2,030,443)*
Operating profit	5	**1,703,307**	*1,297,549*
Interest receivable and similar income	8	**2,610**	*14,290*
Profit before tax		**1,705,917**	*1,311,839*
Tax on profit	9	**(191,098)**	*(344,673)*
Profit for the financial year		**1,514,819**	*967,166*

The notes on pages 20 to 36 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	*2020 £*
Profit for the financial year		**1,514,819**	*967,166*
Other comprehensive income		-	-
		-	-
Total comprehensive income for the year		**1,514,819**	*967,166*

There were no recognised gains and losses for 2021 or 2020 other than those included in the profit and loss account.

The notes on pages 20 to 36 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.

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £		*2020 £*
Fixed assets					
Deferred tax asset			**343,332**		*367,304*
Investments			**2**		*2*
			343,334		*367,306*
Current assets					
Stocks	12	**270,024**		*308,476*	
Debtors: amounts falling due within one year	13	**8,954,080**		*7,971,223*	
		9,224,104		*8,279,699*	
Creditors: amounts falling due within one year	14	**(1,697,550)**		*(1,867,440)*	
Net current assets			**7,526,554**		*6,412,259*
Total assets less current liabilities			**7,869,888**		*6,779,565*
Creditors: amounts falling due after more than one year	15		**(222,504)**		*(334,585)*
			7,647,384		*6,444,980*
Provisions for liabilities					
Other provisions	16	**(380,554)**		*(692,969)*	
			(380,554)		*(692,969)*
Net assets			**7,266,830**		*5,752,011*

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Capital and reserves			
Called up share capital	17	**7,927,566**	*7,927,566*
Share premium account		**3,406,000**	*3,406,000*
Profit and loss account		**(4,066,736)**	*(5,581,555)*
		7,266,830	*5,752,011*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 September 2022.

M. W. Gardiner

Mark Gardiner
Director

The notes on pages 20 to 36 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	7,927,566	3,406,000	(6,548,721)	4,784,845
Comprehensive income for the year				
Profit for the year	-	-	967,166	967,166
Total comprehensive income for the year	-	-	967,166	967,166
At 1 January 2021	7,927,566	3,406,000	(5,581,555)	5,752,011
Comprehensive income for the year				
Profit for the year	-	-	1,514,819	1,514,819
Total comprehensive income for the year	-	-	1,514,819	1,514,819
At 31 December 2021	7,927,566	3,406,000	(4,066,736)	7,266,830

The notes on pages 20 to 36 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Virgin Books Limited is a book publisher. The company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 20 Vauxhall Bridge Road, London, SW1V 2SA. The Company is a subsidiary of The Random House Group Limited, a Company registered in the United Kingdom. The Company sells its books globally with the majority of the sales in the UK.

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.

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 (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 requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 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

2.3 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 2021 that have had a material impact on the Company's financial statements.

2. Accounting policies (continued)

2.4 Going concern

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

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

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

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 entity operates. The financial statements are presented in pound sterling, which is also the functional currency of the Company .

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.
Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2. Accounting policies (continued)

2.6 Turnover

Turnover is measured at the fair value of the consideration received or receivable for the sale of goods and services net of value-added tax, rebates, trade marketing costs and discounts. Turnover from the sale of books is recognised when title passes. A provision for anticipated returns is made based primarily on historical return rates. If these estimates do not reflect actual returns in future periods, then turnover could be understated or overstated for a particular period.

On certain contracts, where the Company acts as agent, turnover is recognised inclusive of any commissions and fees receivable for services rendered. Any third party costs incurred on behalf of the principal that are rechargeable under the contractual arrangement are included in turnover with a corresponding expense recognised in administrative expenses in the income statement.

2.7 Income from subrights

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.

2.8 Royalty advances

Advances of royalties paid to authors are recognised once a contract is approved within the royalty system, provided it is a signature advance or has had a manuscript accepted on the work. These become payable once a manuscript is marked as accepted in the future.

For unpublished titles, the contracts are assessed twice a year, to determine whether the value of a title is diminished from its original acquisition value.
For published titles, the Company assesses bi-yearly the difference between the gross advance paid and the royalty earnings and sub rights income at the point of review. A provision is then applied to bring the advances to their net realisable value.

Once the author advance is earned out, future author payments are expensed at the contracted or effective royalty rate as the related turnover is earned.

2.9 *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2. Accounting policies (continued)

2.10 Employee benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations
The Company operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The Company also operates a defined benefit plan to certain employees. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Past-service costs are recognised immediately in the income statement.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

At each year-end, management review the investments in order to determine whether there is any objective evidence present that in accordance with IAS 36 would lead to an impairment being charged.

Prior impairments of non-finacial assets (other than goodwill) are reviewed for possible reversals at each reporting date, where a favourable event or change in circumstance has materialised that would indicate the impairment loss no longer exists or has decreased in size.

2. Accounting policies (continued)

2.13 Stocks

Stocks mainly comprise finished goods and work in progress in respect of books, and are stated at the lower of cost and net realisable value.
Cost is determined using FIFO method.

Cost includes the direct costs of paper, printing and binding incurred on a title by title basis. Plant costs, which do not vary with the number of copies printed (for example typesetting, origination and illustration), are charged to the income statement in full on publication.

A provision is made for excess, obsolete and slow moving stocks. Net realisable value is calculated as the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.14 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.

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

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'.

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.

2. Accounting policies (continued)

2.15 Trade Debtors and amount 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.

2.16 Trade Creditors and amounts owed to group undertakings

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, 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.

(i) Advances
Advances of royalties paid to authors are recognised once a contract is approved within the royalty system, provided it is a signature advance or has had a manuscript accepted on the work, less any provision required to adjust the advance to its net realisable value for unpublished titles. The realisable value of royalty advances relies on a degree of management judgement in determining the profitability of individual author contracts. If the estimated realisable value of author contracts is overstated then this will have an adverse effect on operating profits as these excess amounts will be written off. The recoverability of royalty advances is assessed twice a year and is based upon a detailed management review of the age of the advance, the future sales projections for new authors and prior sales history of repeat authors. The realisable value will then be adjusted on a title by title basis to reflect the result of this analysis. The royalty advance is expensed at the contracted or effective royalty rate as the related turnover is earned.

(ii) Returns Provisioning
The Company has agreements in place to allow customers to return books. As a result the Company makes an estimate of future returns based on historic data, the ageing of sales and business experience. See note 16 for net carrying amounts and associated provisions.

(iii) Impairment of trade and other receivables
The Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the debtor, the ageing profile of receivables and historical experience. See note 13 for net carrying amounts and associated provisions.

4. Turnover

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	**2,474,704**	*3,782,613*
Rest of the world	**2,853,555**	*2,747,598*
	5,328,259	*6,530,211*

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.

5. Operating profit

The operating profit is stated after charging:

	2021 £	*2020 £*
Personnel costs:		
Wages and salaries	**373,718**	*334,542*
Social security costs	**42,236**	*38,091*
Other pension costs	**27,373**	*26,719*
Inventory recognised as an expense	**843,644**	*1,139,669*
Impairment of trade recievables	**45,979**	*(17,404)*
Impairment of inventory	**39,087**	*(10,835)*

The audit fee for the Company has been borne by its immediate parent company, The Random House Group Limited. Audit fees borne on the Company's behalf amount to £5,370 (2020: £5,370).

6. Employees

The average monthly number of employees, during the year was as follows:

	2021 No.	*2020 No.*
Editorial	**7**	*8*

7. Director's remuneration

	2021 £	*2020 £*
Directors' remuneration:		
Aggregate emoluments	**27,521**	*26,627*
Amounts receivable under long term incentives	**1,312**	*1,311*
Company pension contributions to money purchase schemes	**2,035**	*1,861*
	30,868	*29,799*

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	*2020 £*
Highest paid director:		
Emoluments	**20,291**	*19,547*
Defined benefit pension scheme accrued	**826**	*690*
	21,117	*20,237*

Although the directors of the Company have service contracts with Penguin Books Limited and The Random House Group Limited, the proportion of their time and efforts relating to the Company and therefore their emoluments have been included in these financial statements.

The directors of Virgin Books Limited are paid by the following companies:

Director	Paid by
M Gardiner	The Random House Group Limited
T Weldon	Penguin Books Limited

8. Interest receivable

	2021 £	*2020 £*
Interest receivable on cash pooling	**2,610**	*14,290*
	2,610	*14,290*

9. Taxation

	2021 £	*2020 £*
Corporation tax		
Current tax on profits for the year	**162,061**	*122,025*
Adjustments in respect of previous periods	**3,376**	*(1,151)*
	165,437	*120,874*
Double taxation relief	**(6,753)**	*-*
	158,684	*120,874*
Foreign tax		
Foreign tax on income for the year	**8,441**	*4,636*
Total current tax	**167,125**	*125,510*
Deferred tax		
Current year	**21,466**	*222,193*
Adjustment in respect of prior years	**2,507**	*(3,030)*
Total deferred tax	**23,973**	*219,163*
Taxation on profit on ordinary activities	**191,098**	*344,673*

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2020 - higher than)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	2021	*2020*
	£	*£*
Profit on ordinary activities before tax	**1,705,917**	*1,311,839*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**324,124**	*249,249*
Effects of:		
Deferred tax rate difference	**(117,377)**	*(68,996)*
Adjustment in respect of prior years - current tax	**3,376**	*(1,151)*
Adjustment in respect of prior years - deferred tax	**2,507**	*(3,386)*
Effect of recognition of deferred tax asset	**(23,220)**	*168,957*
Witholding tax not creditable	**1,688**	-
Total tax charge for the year	**191,098**	*344,673*

Factors that may affect future tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

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

10. Deferred tax assets and liabilies

Movement in recognised deferred tax during the year:	*1 January 2021 £*	*Income statement movement £*	*31 December 2021 £*
Property plant and equipment	*8,562*	*2,704*	*11,266*
Losses brought forwards	*355,000*	*(25,913)*	*329,087*
Other temporary differences	*3,742*	*(764)*	*2,978*
	367,304	*(23,973)*	*343,331*

At 31 December 2021 a deferred tax asset has been recognised for the tax base in relation to property, plant and equipment, other temporary differences and tax losses to the extent that the future benefit is expected to be utilised by the company

There are £145,736 (2020: £168,956) unrecognised tax losses available as at the balance sheet date

Movement in recognised deferred tax during the previous year:	*1 January 2020 £*	*Income statement movement £*	*31 December 2020 £*
Property plant and equipment	*8,941*	*(379)*	*8,562*
Losses brought forwards	*575,079*	*(220,079)*	*355,000*
Other temporary differences	*2,447*	*1,295*	*3,742*
	586,467	*(219,163)*	*367,304*

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	2
At 31 December 2021	2

Investments comprises of the entire share capital of the dormant entity, WH Allen General Books Limited. The registered office of WH Allen General Books Limited is 20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA. The directors consider the value of the investment to be not less than that in the balance sheet of the Company.

12. Stocks

	2021 £	*2020 £*
Work in progress	17,937	*59,775*
Finished goods	252,087	*248,701*
	270,024	*308,476*

Cost of inventory is recognised as cost of sales. Inventories are stated after provisions for impairment of £78,850 (2020: £39,763).

13. Debtors

	2021 £	*2020 £*
Trade debtors	60,493	*23,450*
Advance royalties	378,747	-
Amounts owed by group undertakings	8,503,260	*7,907,602*
Other debtors	11,580	*40,171*
	8,954,080	*7,971,223*

13. Debtors (continued)

Amounts owed by group undertakings are unsecured and repayable on demand. The balances are interest free, except for £4,768,032 (2020: £3,840,936) in respect of the cash pooling agreements with the intermediate parent company Penguin Random House Limited. Interest is charged on these amounts on a monthly basis; the interest rate ranges from 0.05% to 2.79% for the year (2020: ranged from 0.05% to 2.79% with Penguin Random House Limited).

In 2021 included in Advance Royalties is £104,120 of unpaid advances relating to manuscripts which will either not be published for over a year or staged advances which are date linked over several years rather than to specific titles. The equivalent figure for 2020 is £237,718 which is netted off within Other Debtors.

14. Creditors: Amounts falling due within one year

	2021 **£**	*As restated* *2020* *£*
Trade creditors	**304,593**	*141,791*
Royalty creditors	**579,006**	*767,486*
Amounts owed to group undertakings	**379,643**	*350,209*
Corporation tax	**155,309**	*116,074*
Other creditors	**23,672**	*22,586*
Accruals and deferred income	**255,327**	*469,294*
	1,697,550	*1,867,440*

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

Due to the material size of the balances involved, the directors have decided to disclose "Royalty creditors" separately from Trade creditors in the current year. In order for consistency with the current year treatment, prior year balances have also been reclassified. The impact of this was a decrease in trade creditors of £767,486 and an increase in Royalty creditors of the same amount. There was no impact on the Company's net assets at 1 January or 31 December 2020 or resultant tax impact for 2020.

15. Creditors: Amounts falling due after more than one year

	2021 **£**	*2020* *£*
Royalty creditors	**222,504**	*334,585*
	222,504	*334,585*

16. Provisions

	Onerous contracts provision £	Returns provision £	Discounts provision £	Total £
At 1 January 2021	**257,449**	**364,920**	**70,600**	**692,969**
Charged to profit or loss	**216,895**	**300,875**	**9,609**	**527,379**
Utilised in year	**(404,274)**	**(364,920)**	**(70,600)**	**(839,794)**
At 31 December 2021	**70,070**	**300,875**	**9,609**	**380,554**

Onerous contracts
Where a provision is greater than the advance paid on manuscripts which have not yet been delivered, the Company recognises the excess as an onerous contract rather than disclosing in the total unpublished provision included in debtors. These are utilised on various timescales based on manuscript delivery.

Returns provision
The Company has agreements in place to allow customers to return books. As a result the Company makes an estimate of future returns based on historic data, the ageing of sales and business experience. The provision is expected to be utilised within 12 months from the balance sheet date.

Discount provision
The Company has agreements in place to offer discounts on goods offered to customers, usually as a reward for repeated business. The provision is expected to be utilised within 12 months from the balance sheet date.

17. Share capital

	2021 £	*2020 £*
Allotted, called up and fully paid		
71,348,094 *(2020 - 71,348,094)* Ordinary A Shares shares of £0.10 each	**7,134,809**	*7,134,809*
7,927,566 *(2020 - 7,927,566)* Ordinary B shares shares of £0.10 each	**792,757**	*792,757*
	7,927,566	*7,927,566*

18. Commitments

There were commitments to authors for the payment of royalty advances amounting to £991,457 at 31 December 2021 (2020: £1,415,969).

19. Controlling party

The Company's immediate parent company is The Random House Group Limited ("RHG"). RHG is a wholly owned subsidiary of Penguin Random House Limited ("PRHL"). At the balance sheet date PRHL was wholly owned by Bertelsmann UK Limited. 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 wholly-owned by RHG, who is wholly-owned by PRHL, it has taken advantage of exemptions under the terms of FRS 101 from disclosing related party transactions with other wholly-owned subsidiaries of PRHL.