

REGISTERED NUMBER: 03185285

BERTELSMANN UK LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018



BERTELSMANN UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their Strategic Report for Bertelsmann UK Limited ("the company or "BUK") for the year ended 31 December 2018.

Principal activities

The company is a subsidiary of Bertelsmann SE & Co KGaA, a company registered in Germany. The company acts as the intermediate holding company for some of the UK based subsidiaries of Bertelsmann SE & Co KGaA.

Review of the business

The results and financial position of the company are set out in the attached financial statements and in the Directors' Report.

During the year the company increased its investments in Arvato Financial Solutions Limited (formerly Arvato Regulatory Services Limited) and Macrocom 1055 Limited (formerly Arvato Financial Solutions Limited) by £1,500,000 and £2,499,999 respectively; the percentage of ownership was unchanged in both investments.

The company has a facility and cash pooling agreement with its parent company whereby the company's borrowings under the agreement are not repayable until 31 March 2020. Bertelsmann SE & Co KGaA, as the lender, reserves the right to increase or decrease the borrowing limit of £400,000,000 at its discretion, and each party has the sole discretion to terminate the agreement upon at least 14 days' written notice to the respective other party.

As a result of reduced income from shares in group undertakings and increased amounts written off investments, the company made a loss during the current financial year of £43,062,000 (2017: profit £187,141,000).

Key Performance Indicators ("KPI's")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

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's only significant risk is that the results of its subsidiaries might deteriorate with the consequent need for the company to impair its investments. There is a similar risk with the company's loans to group undertakings.

On behalf of the Board



M GARDINER
Director

30 August 2019

BERTELSMANN UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the audited financial statements of the company for the year ended 31 December 2018.

Future developments

The directors do not anticipate any significant changes in the activities of the company.

Dividends

No dividend was paid during the year (2017: £nil). No final dividend is proposed (2017: £nil).

Financial instruments

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

Directors

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

M Beisheim

M Gardiner

R Grant

Post balance sheet events

Please refer to note 15 in the financial statements for details of the post balance sheet events.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Director's 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, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", 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 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

BERTELSMANN UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

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 they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

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

On behalf of the Board



M GARDINER
Director

30 August 2019

BERTELSMANN UK LIMITED

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Independent auditors' report to the members of Bertelsmann UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bertelsmann UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2018; the Profit and Loss account, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

BERTELSMANN UK LIMITED

INDEPENDENT AUDITORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

Independent auditors' report to the members of Bertelsmann UK Limited

Reporting on other information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

BERTELSMANN UK LIMITED

INDEPENDENT AUDITORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

Independent auditors' report to the members of Bertelsmann UK Limited

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

30 August 2019

BERTELSMANN UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Administrative expenses		(1,211)	(1,511)
Operating loss	4	(1,211)	(1,511)
Income from shares in group undertaking	6	48,598	201,777
Amounts written off investments	7	(94,495)	(15,883)
(Loss)/profit on ordinary activities before interest and taxation		(47,108)	184,383
Interest receivable and similar income	8	10,478	8,463
Interest payable and similar charges	8	(6,382)	(5,300)
(Loss)/profit on ordinary activities before taxation		(43,012)	187,546
Tax on profit on ordinary activities	9	(50)	(405)
(Loss)/profit for the financial year		(43,062)	187,141

The notes on pages 11 to 35 are an integral part of these financial statements.

BERTELSMANN UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £'000	2017 £'000
(Loss)/profit for the financial year	(43,062)	187,141
Other comprehensive income for the year	-	-
Total comprehensive (expense)/income for the year	(43,062)	187,141

BERTELSMANN UK LIMITED

REGISTERED NUMBER: 03185285

**BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £'000	2017 £'000
Fixed Assets			
Investments	10	<u>785,387</u>	<u>874,965</u>
		785,387	874,965
Current assets			
Debtors	11	532,937	649,011
Cash at bank and in hand		<u>-</u>	<u>8</u>
		532,937	649,019
Creditors: amounts falling due within one year	12	<u>(285,805)</u>	<u>(448,403)</u>
Net current assets		<u>247,132</u>	<u>200,616</u>
Total assets less current liabilities		<u>1,032,519</u>	<u>1,075,581</u>
Net assets		<u>1,032,519</u>	<u>1,075,581</u>
Capital and reserves			
Called up share capital	14	470,000	470,000
Share premium account		77,655	77,655
Retained earnings		<u>484,864</u>	<u>527,926</u>
Total equity		<u>1,032,519</u>	<u>1,075,581</u>

The notes on pages 11 to 35 are an integral part of these financial statements.

The financial statements on pages 7 to 35 were authorised for issue by the board of directors on 30 August 2019 and were signed on its behalf by:



M GARDINER
Director

BERTELSMANN UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
Balance as at 1 January 2017	470,000	77,655	340,785	888,440
Changes in equity				
Profit for the financial year	-	-	187,141	187,141
Balance as at 31 December 2017	470,000	77,655	527,926	1,075,581
Changes in equity				
Loss for the financial year	-	-	(43,062)	(43,062)
Balance as at 31 December 2018	470,000	77,655	484,864	1,032,519

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 GENERAL INFORMATION

Bertelsmann UK Limited ("the company") is a company limited by shares, incorporated in England and Wales. Its registered office is One Fleet Place, London, EC4M 7WS. The company's principal place of business is at Penguin Random House, 20 Vauxhall Bridge Road, London, SW1V 2SA.

2 STATEMENT OF COMPLIANCE

The financial statements of Bertelsmann UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") 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. The company has adopted FRS 102 in these financial statements.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The company is exempt, by virtue of s400 of the Companies Act 2006, from the requirement to prepare group financial statements, as they are included in the consolidated financial statements of Bertelsmann SE & Co KGaA which are publicly available. These financial statements present information about the company as an individual undertaking and not about the group.

Going concern

The financial statements are prepared on a going concern basis. The company has a borrowing facility and cash pooling agreement from its parent company, Bertelsmann SE & Co KGaA, whereby the company's borrowings under the agreement are repayable on 31 March 2020. Bertelsmann SE & Co KGaA, as the lender, reserves the right to increase or decrease the borrowing limit of £400,000,000 at its discretion, and each party has the sole discretion to terminate the agreement upon at least 14 days' written notice to the respective other party. Bertelsmann SE & Co. KGaA. has however provided a letter of support for the company which states their intention to provide support to the company until 31 August 2020.

Exemption for qualifying entities under FRS 102

The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that its ultimate parent company, Bertelsmann SE & Co KGaA, has prepared consolidated financial statements which are publicly available and include the company's cash flows in its consolidated cash flow statement;

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- from disclosing related party transactions with wholly owned subsidiaries within the group;
- certain financial instruments disclosures, required under 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29 as relevant disclosures are provided in the consolidated financial statements of Bertelsmann SE & Co KGaA in which the company is consolidated;
- from a reconciliation of the number of shares outstanding at the beginning and end of the period.

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 2018 have had a material impact on the company.

Dividend income

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

Taxation

The tax expense for the period comprises current tax only and is recognised in the profit and loss account.

The current income tax charge is the amount of income tax payable in respect of the taxable profit for the year or prior years and 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 subsidiary company

Investments are stated at cost and a provision is made for impairment. Investments are tested for a triggering event and reflect changes in circumstances that indicate the carrying value may not be recoverable at each balance sheet date. For the purposes of assessing the impairment of investments, the company performs discounted cash flows to compare the carrying amount of the investment value to the equity value. The company uses budgeted profits, projected cash flows and weighted average cost of capital in order to determine whether any impairment is required. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of impairment loss is recognised in the profit and loss account.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 the profit and loss account within 'Administrative expenses'.

Financial assets

Basic financial assets, including debtors, cash and bank balances, are initially recognised at transaction price and subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, which is when the contractual obligation is discharged, cancelled or expires.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

4 OPERATING LOSS

The operating loss is stated after charging:

	2018 £'000	2017 £'000
Wages and salaries	114	111
Auditors' remuneration	7	7
	<hr/>	<hr/>

5 EMPLOYEES AND DIRECTORS

Employees

The company had one employee during 2018 (2017: 1).

Directors

The emoluments of the directors are paid by other companies. Directors' services to this company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the company that employs them. Accordingly, there are no emoluments in respect of the directors.

6 INCOME FROM SHARES IN GROUP UNDERTAKINGS

Dividends received and receivable from unlisted investments:

	2018 £'000	2017 £'000
Penguin Random House Limited	48,598	201,777
	<hr/>	<hr/>
	48,598	201,777
	<hr/>	<hr/>

7 AMOUNTS WRITTEN OFF INVESTMENTS

Impairment of investments in group undertakings:

	2018 £'000	2017 £'000
Arvato Regulatory Services Limited	-	15,883
Penguin Random House Limited	94,495	-
	<hr/>	<hr/>
	94,495	15,883
	<hr/>	<hr/>

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

8 INTEREST RECEIVABLE/(PAYABLE)

	2018 £'000	2017 £'000
<i>Interest receivable and similar income:</i>		
Interest on loans to group undertakings	10,452	8,452
Other interest	26	11
	<hr/>	<hr/>
	10,478	8,463
	<hr/>	<hr/>
<i>Interest payable and similar charges:</i>		
Interest on bank loans and overdrafts		
Interest on loans from group undertakings	(6,378)	(5,300)
Other interest	(4)	-
	<hr/>	<hr/>
	(6,382)	(5,300)
	<hr/>	<hr/>

9 TAXATION

Analysis of tax charge for the year:

	2018 £'000	2017 £'000
UK corporation tax - current year	689	442
Adjustments in respect of prior years	(639)	(37)
	<hr/>	<hr/>
	50	405
	<hr/>	<hr/>

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

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017, with a further reduction to 17% from 1 April 2020. Accordingly the company's profits/losses are taxed at an effective rate of 19.00% (2017: 19.25%).

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

9 TAXATION (continued)

The tax assessed for the year differs from (2017: differs from) the standard effective rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Loss/profit on ordinary activities before taxation	(43,012)	187,546
Corporation tax at standard rate of 19.00% (2017: 19.25%)	(8,172)	36,103
Effects of:		
Expenses not deductible for tax purposes	18,099	3,181
Income not taxable	(9,238)	(38,842)
Adjustments in respect of prior years	(639)	(37)
	50	405

Deferred tax

Deferred tax has not been provided as the company has no temporary differences.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

10 INVESTMENTS

	Shares in group undertakings £'000	Total £'000
<i>Cost:</i>		
At 1 January 2018	942,872	942,872
Additions	4,919	4,919
	<hr/>	<hr/>
At 31 December 2018	947,791	947,791
	<hr/>	<hr/>
<i>Provision for impairment:</i>		
At 1 January 2018	(67,909)	(67,909)
Charge for the year	(94,495)	(94,495)
	<hr/>	<hr/>
At 31 December 2018	(162,404)	(162,404)
	<hr/>	<hr/>
<i>Net book value:</i>		
At 31 December 2018	785,387	785,387
	<hr/>	<hr/>
At 31 December 2017	874,965	874,965
	<hr/>	<hr/>

The company's investments in group undertakings are listed in note 17.

The company made further investments in Arvato Financial Solutions Limited (formerly Arvato Regulatory Services Limited) and Macrocom 1055 Limited (formerly Arvato Financial Solutions Limited) by £1,500,000 and £2,499,999 respectively during the year; the percentage of ownership remained unchanged in both investments. During the year, and in accordance with the transaction agreement dated 11 July 2017, the company paid further consideration of £919,207 to Pearson PRH Holdings Limited following the acquisition of 22% of the shares in Penguin Random House Limited (PRHL) in 2017. The percentage of ownership in PRHL remained unchanged at 75%.

An impairment test was carried out in accordance with Financial Reporting Standard 102. The carrying amount and the equity value of each investment has been compared to ascertain if impairment is required. An impairment charge of £94,495,000 (2017: nil) has been recognised for the investment in Penguin Random House Limited to reduce the carrying value of the investment to its recoverable amount at 31 December 2018.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

11 DEBTORS

	2018 £'000	2017 £'000
Amounts owed by group undertakings	530,221	649,011
Group relief receivable	2,716	-
	<hr/>	<hr/>
	532,937	649,011
	<hr/>	<hr/>

Amounts owed by group undertakings are unsecured, repayable on demand and incur interest. £530,201,000 (2017: £498,616,000) of the balance owed falls under cash pooling where the average interest rate charged was 1.98% (2017: 1.67%). Also included in the balance is £nil (2017: £150,334,643) receivable from Penguin Random House Limited for the dividend declared in December 2017. Payment of the dividend was made on 3 April 2018.

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Amounts owed to group undertakings	285,624	446,914
Group relief payable	-	442
Bank loans and overdrafts	6	-
Accruals and deferred income	175	1,047
	<hr/>	<hr/>
	285,805	448,403
	<hr/>	<hr/>

Included within amounts owed to group undertakings is £282,621,000 (2017: £295,179,000) in respect of the loan facility from Bertelsmann SE & Co KGaA. Interest was charged at an average rate of 1.80% (2017: 1.54%). The final maturity date is 31 March 2020. Bertelsmann SE & Co KGaA, as the lender, reserves the right to increase or decrease the borrowing limit of £400,000,000 at its discretion and terminate the facility at its discretion with 14 days' notice. Also included within amounts owed to group undertakings is £2,973,000 (2017: £1,591,000) in relation to cash pooling payables where the average interest was 0.35% (2017: 0.12%).

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

13 FINANCIAL INSTRUMENTS

The company has the following basic financial instruments:

	Note	2018 £'000	2017 £'000
Financial assets measured at amortised cost			
Amounts owed by group undertakings	11	530,221	649,011
		<hr/> 530,221	<hr/> 649,011
Financial liabilities measured at amortised cost			
Amounts owed to group undertakings	12	285,624	446,914
Accruals and deferred income	12	175	1,047
		<hr/> 285,799	<hr/> 447,961

14 CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
<i>Allotted, called up and fully paid:</i>		
470,000,003 (2017: 470,000,003) Ordinary shares of £1 each	470,000	470,000
	<hr/> 470,000	<hr/> 470,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

15 EVENTS AFTER THE END OF THE REPORTING PERIOD

During the first quarter of 2019, the company's subsidiary BMG Rights Management (UK) Limited sold a portfolio of its rights to BMG US. As a consequence the balance owed to the company by its subsidiary at the year end reduced by £130m, with the company's cash pooling balance owed to Bertelsmann SE & Co KGaA reducing by the same amount.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

16 RELATED PARTIES

The company's parent company, and ultimate parent company, 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
33311 Gütersloh
Germany

As the company is a wholly owned subsidiary of Bertelsmann SE & Co KGaA the company is exempt from the requirement, under Financial Reporting Standard 102, to disclose transactions with entities that are wholly owned by the company. The company has taken advantage of this exemption.

During the year the company entered into the following transactions with related parties not wholly owned by the company:

	2018 £'000	2017 £'000
<i>Administrative expenses:</i>		
RTL Group Support Services Limited	-	118
The Random House Group Limited	117	116
<i>Dividend income:</i>		
Penguin Random House Limited	48,598	51,442
<i>Debtors:</i>		
Penguin Random House Limited	-	150,335
<i>Creditors:</i>		
RTL Group Support Services Limited	-	33
The Random House Group Limited	30	395

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS

Refer to the following table for the company's investments at 31 December 2018.

The company maintains an interest in undertakings which would normally be classified as associate and joint venture undertakings. These undertakings are listed under "Indirect Investments" in the table on the following pages.

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
arvato Financial Solutions Limited (formerly arvato Regulatory Services Limited)	Consumer and Commercial Debt Collection	100.00	Ordinary	24 George Square, Glasgow, United Kingdom, G2 1EG
arvato Limited	Distribution and Support Services	100.00	Ordinary	One Fleet Place, London, United Kingdom, EC4M 7WS
arvato Systems UK & Ireland Limited	Computer Consulting Services	100.00	Ordinary	16 Churchill Way, Cardiff, United Kingdom, CF10 2DX
BMG Rights Management (UK) Limited	Management of music composition & recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Penguin Random House Limited	Book Publishing	75.00	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Prinovis UK Limited	Printing services	100.00	Ordinary	One Fleet Place, London, United Kingdom, EC4M 7WS
arvato SCM UK Limited (formerly STOK UK Limited)	Logistical Bespoke Service	100.00	Ordinary	Highland House, Mayflower Close, Chandlers Ford, Eastleigh, Hampshire, United Kingdom, SO53 4AR
Macrocom 1055 Limited (formerly arvato Financial Solutions Limited)	Consumer and Commercial Debt Collection	100.00	Ordinary	24 George Square, Glasgow, United Kingdom, G2 1EG
Bertelsmann Corporate Services Limited	Tax Consultancy	100.00	Ordinary	One Fleet Place, London, United Kingdom, EC4M 7WS

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Indirect subsidiary undertakings

Name	Principal Activity	Holding	Class of Shares	Registered Address
Aguilar, Altea, Taurus, Alfaguara S.A. de Ediciones	Book Publishing	75.00	Ordinary	Avenida Leandro N. Alem 720, Buenos Aires, Argentina, C1053CABA
Air Records Limited	Dormant Entity	100.00	Ordinary / Deferred	5 Merchant Square, London, United Kingdom, W2 1AS
Allen Lane The Penguin Press Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Arrow Books Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
arvato Credit Solutions Limited	Debt Relationship Management	100.00	Ordinary	Capella Court, Brighton Road, Purley, Surrey, United Kingdom, CR8 2PG
arvato CRM Limited	Customer Relationship Management	100.00	Ordinary	One Fleet Place, London, United Kingdom, EC4M 7WS
arvato Financial Solutions (Ireland) Limited	Consumer and Commercial Debt Collection / Specialist Long-Term Business Process Outsourcing	100.00	Ordinary	BCW House, Block & Blanchardstown Corporate Park, Ballycoolin, Dublin, Ireland, 15
arvato government services (ERYC) Limited	Public Sector Outsourcing	100.00	Ordinary	One Fleet Place, London, United Kingdom, EC4M 7WS
arvato government services Limited	Public Sector Outsourcing	80.10	Ordinary	The Hall, Lairgate, East Yorkshire (Beverley), United Kingdom, HU17 8 HL
arvato Public Sector Services Limited	Public Sector Outsourcing	80.10	Ordinary	The Hall Lairgate, East Humberside (Beverley), United Kingdom, HU17 8HL
Bantam Books Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Barrie & Jenkins Limited	Dormant Entity	74.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Bartlett Bliss Productions Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Bellew & Higon Publishers Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
BMG 10 Music Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
BMG Production Music (UK) Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
BMG VM Music Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Bug Music Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Business Books Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Carousel Books Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Cavalcade Records Limited	Management of music composition & recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Century Benham Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Century Hutchinson Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Century Hutchinson Publishing Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Century Publishing Co. Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Chatto and Windus Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Cherry Westfield Limited	Management of music composition & recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Children's Character Books Limited	Book Publishing	56.00	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Chrysalis Copyrights Limited	Management of recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Chrysalis Group Limited	Investment holding company	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Chrysalis Holdings Limited	Dormant	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Chrysalis Music Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Chrysalis Songs Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Corgi Books Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Creole Records Limited	Dormant Entity	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Direct Group Grandes Obras, S.L.	Holding Company	75.00	Ordinary	Calle Travessera de Gracia, 47-49, Barcelona, Spain, 08021

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Distribuidora Penguin Random House S.A.S.	Distribution Services	75.00	Nominal	Aut. Medellin KM 1.7 Terrapuerto Industrial el Dorado BG 4, Cota (Cundinamarca), Columbia
Dorling Kindersley Limited	Book Publishing	75.00	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Dorling Kindersley Publishers (South Africa) Pty Limited	Dormant Entity	75.00	Ordinary	Rosebank Office Park, Block D, 181 Jan Smuts Avenue, Parktown North, Johannesburg, South Africa, 2193
Dorling Kindersley Publishing Private Limited	Book Publishing	75.00	Ordinary	7th Floor, Infinity Tower C, DLF Cyber City, Gurgaon, India, 122 002, Haryana
Dorling Kindersley Verlag GmbH	Book Publishing	75.00	Ordinary	Arnulfstraße 124, München, Germany, 80636
Dorling Kindersley Vision Limited	Dormant Entity	75.00	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Editorial Sudamericana Uruguay S.A.	Book Publishing	75.00	Ordinary	Yaguaron 1568, Montevideo, Uruguay
Frederick Warne & Co Limited	Book Publishing	75.00	Preference & Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Funfax Limited	Dormant Entity	75.00	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
G.W. Mills Limited	Dormant Entity	100.00	Ordinary & Non-Voting	5 Merchant Square, London, United Kingdom, W2 1AS
Grantham Book Services Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hamish Hamilton Children's Books Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Hamish Hamilton Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hammond, Hammond and Company, Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Herbert Jenkins Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hind Pocket Books Private Limited	Book Publishing	75.00	Ordinary	30, Jor Bagh, New Dehli, India 110003
Hewrate Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Hornall Brothers Music Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Hugo's Language Books Limited	Dormant Entity	75.00	Ordinary	80 Strand, London, United Kingdom, WC2R 0RL
Hurst & Blackett Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hutchinson & Co. (Publishers) Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hutchinson Books Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Hutchinson Childrens Books Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Infectious Music Limited	Management of recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Jackdaw Publications Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Jonathan Cape Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Ladybird Books Limited	Book Publishing	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Loaded Records Limited	Management of recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Mainstream Publishing Company (Edinburgh) Limited	Book Publishing	75.00	Ordinary	54-66 Frederick Street, Edinburgh, United Kingdom, EH2 1LS
Martin Secker and Warburg Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Men From The North Limited	Dormant Entity	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Michael Joseph Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Minder Music Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Mute Records Limited	Management of recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Oxford Street Studios Limited	Dormant Entity	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Pelham Books Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Penguin (Beijing) Culture Development Co., Limited	Publishing Services	75.00	Ordinary	Room 1211, Tower D, Beijing Global Trade Centre, 36 North Third Ring Road East, Dongchang District, Beijing, China

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Penguin Australia Pty Limited	Book Publishing	75.00	Ordinary	707 Collins St, Melbourne, Australia, 3008
Penguin Random House Australia Pty Limited	Book Publishing	75.00	Ordinary	Level 3 100 Pacific Highway, North Sydney, Australia, NSW 2060
Penguin Books Benelux B.V.	Book Publishing	75.00	Nominal	Herengracht 418 2, Amsterdam, Netherland, 1017BZ
Penguin Books Deutschland Gesellschaft mit beschränkter Haftung	Sales and Marketing Services	75.00	Ordinary	Arnulfstraße 124, München, Germany, 80636
Penguin Books Limited	Book Publishing	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Penguin Books S.A.	Book Distribution	75.00	Ordinary	9 Glorieta de Quevedo, 7th Floor, Madrid, Spain, 28015
Penguin Group (Hongkong) Limited	Holding Company	75.00	Ordinary	Suite 3313, Tower One, Times Square, 1 Matheson Street, Causeway Bay, HK
Penguin Random House Korea LLC	Book Publishing	75.00	Ordinary	7th Floor, AIA Tower, 16 Tongil-ro-2-gil, Jung-gu, Seoul
Penguin Random House Canada Limited	Book Publishing	75.00	Ordinary	1 Toronto Street, Suite 300, Toronto, Canada, M5C2V6
Penguin Random House Grupo Editorial S.A.	Book Publishing	75.00	Ordinary	Calle Humberto Primo 545, Buenos Aires, Argentina, C1103ACK
Penguin Random House Grupo Editorial S.A.	Book Publishing	75.00	Ordinary	Av. Ricardo Palma 341, Of. 601, Miraflores, Lima, Peru
Penguin Random House Grupo Editorial S.A.S.	Book Publishing	75.00	Ordinary	Terrapuerto Industrial El Dorado Bodega No. 4, Autopista Medellín Km 1.7 Entrada Parque La Florida, Cota

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Penguin Random House Grupo Editorial, S.A.	Book Distribution	75.00	Ordinary	Merced 280, 6th Floor, Santiago de Chile, Chile, 8320128
Penguin Random House Grupo Editorial, S.A.U.	Book Distribution	75.00	Ordinary	Calle Travessera de Gracia, 47-49, Barcelona, Spain, 08021
Penguin Random House Grupo Editorial, S.A. de C.V.	Book Publishing	75.00	Ordinary	Miguel de Cervantes Saavedra 301, piso 1, col. Granada, del. Miguel Hidalgo, Mexiko-Stadt, Mexico, 11520
Penguin Random House Grupo Editorial, Unipessoal Lda.	Book Publishing	75.00	Ordinary	Praca Marques de Pombal, numero 1, 8ª planta, Lissabon, Portugal, 1250-160
Penguin Random House South Africa (Pty) Limited	Book Publishing	75.00	Ordinary	Rosebank Office Park, Block D, 181 Jan Smuts Avenue, Parktown North, Johannesburg, South Africa, 2193
Plane Tree Publishers Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Ram Records Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Penguin Random House New Zealand Limited	Book Publishing	75.00	Ordinary	67 Apollo Drive, Rosedale, Auckland, New Zealand, 0632
Random House Properties Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Random House Publishers India Private Limited	Book Publishing	75.00	Ordinary	7th Floor, Infinity Tower C, DLF Cyber City, Gurgaon, India, 122 002, Haryana
Random House Publishing Group Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Random House Struik Proprietary Limited	Book Publishing	75.00	Ordinary	The Estuaries No 4, Oxbow Crescent, Century Avenue, Century City, Cape Town, South Africa, 8000

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Random House UK Ventures Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
RHA Holdings Pty Limited	Dormant Entity	75.00	Ordinary	16 Dalmore Drive, Scoresby (Melbourne), Victoria 3179, Australia, 3179
Rock Music Company Limited	Management of recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Salspot Limited	Merchandising	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Sanctuary Copyrights Limited	Dormant Entity	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Sanctuary Records Group Limited	Management of recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Sinclair - Stevenson Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Skint Records Limited	Dormant	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Snowdog Enterprises Limited	Merchandising	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Snowman Enterprises Limited	Media rights for a film	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Stage Three Music (Catalogues) Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Stage Three Music Publishing Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Stanley Paul & Company Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
T. Werner Laurie, Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Tamarind Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Bodley Head Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Book Service Limited	Distribution and Support Services	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Cresset Press Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Echo Label Limited	Management of recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
The Harvill Press Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Hogarth Press Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
The Random House Group Limited	Book Publishing	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Tom Jones (Enterprises) Limited	Dormant Entity	99.00	Ordinary / Non-voting	5 Merchant Square, London, United Kingdom, W2 1AS
Penguin Random House Ireland Limited	Editorial services	75.00	Ordinary	c/o EUGENE F. COLLINS Solicitors, Temple Chambers, 3 Burlington Road, Dublin, Ireland, 4

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
Transworld Publishers Limited	Book Publishing	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Trojan Recordings Limited	Dormant Entity	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Tundra Books of Northern New York, Inc.	Book Publishing	75.00	Common	18 Cornelia Street, Plattsburgh, County of Clinton, State of New York, USA, 12901
Union Square Music Holdings Limited	Investment holding company	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Union Square Music Limited	Management of recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Union Square Music Publishing Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Union Square Music Songs Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
USM Copyrights Ltd	Management of recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
USM Copyrights Nazareth Limited	Management of recording rights	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Ventura Publishing Limited	Book Publishing	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Villeston Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Virgin Books Limited	Book Publishing	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Name	Principal Activity	Holding	Class of Shares	Registered Address
WH Allen General Books Limited	Dormant Entity	75.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Windswept Music (London) Limited	Management of music composition	100.00	Ordinary	5 Merchant Square, London, United Kingdom, W2 1AS
Woodlands Books Limited	Book Publishing	64.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Penguin Books India Private Limited	Book Publishing	75.00	Ordinary	7th Floor, Infinity Tower C, DLF Cyber City, Gurgaon, India, 122 002, Haryana
Flaname 0 Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 1 Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 2 Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 3 Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 4 Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 5 Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 6 Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 7 Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA
Flaname 8 Limited	Dormant Entity	100.00	Ordinary	20 Vauxhall Bridge Road, London, United Kingdom, SW1V 2SA

BERTELSMANN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

17 INVESTMENTS IN GROUP UNDERTAKINGS (continued)

Indirect investments

Name	Principal Activity	Holding	Class of Shares	Registered Address
Bounce! Sales & Marketing Limited	Book Sales and Marketing	22.50	Ordinary	Hathaway House, Popes Drive, London, N3 1QF
Comphania das Letras	Book Publishing	33.75	Ordinary	Rua Bandeira Paulista, 702, Suite 11/3, 04532-002, São Paulo, Brazil
Distribuidora Digital de Libros, S.A.	Ebook Distribution	20.00	Ordinary	Via Augusta, 48-50, Barcelona, Spain, 08006
Editora Schwarcz S.A.	Book Publishing	33.75	Ordinary	Rua Bandeira Paulista, 702, Suite 11/3, 04532-002, São Paulo, Brazil
Editora Fontanar, Ltda.	Book Publishing	33.75	Common	Rua Cosme Velho, No. 103, Rio de Janeiro, Brazil, 22241-090