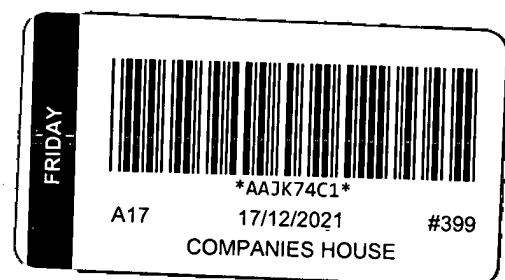


Company no: 05332629

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

COMPANY INFORMATION

Directors

Mark Gardiner
Thomas Weldon
Stephen Davies
Nancy Twynam
Joel Rickett

Registered number

05332629

Registered office

20 Vauxhall Bridge Road
London
SW1V 2SA

Independent auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their Strategic Report for Woodlands Books Limited ("the Company") for the year ended 31 December 2020.

Principal Activities

The Company is a joint undertaking between The Random House Group Limited and BBC Studios Distribution Limited ("BBC"). As The Random House Group Limited owns 85% of the joint undertaking the Company is treated as its subsidiary. The Company is UK domiciled and registered in the United Kingdom. The principal activity of the Company continues to be book publishing.

Review of the business

The results and financial position of the company are set out in the attached financial statements. The Company made a profit for the financial year of £2,132,066 (2019: £996,280).

Key Performance Indicators (KPIs)

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

- Turnover was £9,796,094 (2019: £10,873,265).
- Gross profit percentage was 56.6% (2019: 45.1% restated)

Principal Risks and Uncertainties

The Company is subject to risk management procedures and an annual risk assessment implemented by the ultimate parent Company, Bertelsmann SE & Co KGaA. The Company has procedures in place to make the directors aware of the various risks to the Company's business. The risks are monitored and reported to management. The 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.

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 outbreak. We follow governmental advice on safe working conditions and good business practice and we operate safe distancing of our employees during the course of their work.

We have very clear and regular communication channels in place with our client base to ensure that we align their expectations with our restricted capabilities in the current environment. This approach has enabled us to continue to support our clients through this crisis, although on a reduced basis in many instances. In turn this has continued to allow us to trade and operate our business successfully.

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' section 172 statement

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

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

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

The directors fulfil these duties as follows:

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.

The interest of the company's employees (continued)

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.

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.

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

PRH Streamlined Energy and Carbon Reporting Disclosure 2020

In compliance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"), the PRH group reports its global energy use and emissions relating to gas, electricity and transport fuel for the year ended 31 December 2020. Previous years 2018 and 2019 have been included to demonstrate Penguin Random House's commitment to reducing their energy use and greenhouse gas emissions.

This report is prepared for Penguin Random House Group Limited ('PRH UK') and reports figures for all subsidiaries within the Group, not just those subsidiaries required to disclose by the 2018 Regulations.

Energy Consumption - Green Electricity – PRH made the decision to purchase "Green Electricity" from October 2018 +

	2018	2019	2020
Total Energy Consumption kWh	15,545,232.75	10,913,478.29	9,960,952.52
Total Electricity Consumption kWh	9,528,918.67	6,402,661.44	5,479,417.62
Percentage "Green Electricity"	13.9%	100%	100%
Total Heat Consumption in kWh	5,779,650.25	4,278,974.46	4,365,107.95
Energy – Transport Fuels in kWh	236,663.83	231,842.39	116,426.95

Energy Efficiency actions in 2020

During the 2020 financial year PRH implemented several energy efficiency improvements, including:

- Penguin Random House UK Facilities replace end of life lighting with LED lights as standard practice reducing usage year on year.
- Thermal insulation installed at one of the main distribution centres.
- In response to the COVID-19 pandemic in 2020, we suspended all but essential business travel, improved video conferencing for all persons, purchased new technology equipment for remote working reducing the need for office staff commuting.
- Replaced Air Handling Units in one site for more energy efficient models.
- Moved one office to a more modern energy efficient building.

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:

- 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

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

PRH Streamlined Energy and Carbon Reporting Disclosure 2020 (continued)

Emissions

Site related emissions	unit	2018	2019	2020	D 2019	D 2018
Scope 1 Mobile Fuels	t CO2e	64	63	32	-49%	-50%
Scope 1 Stationary Fuels	t CO2e	81	53	21	-61%	-74%
Scope 2 Electricity	t CO2e	3,007	-	-	-	-100%
Scope 2 Heat	t CO2e	1,373	939	878	-14%	-40%
Scope 1 Refrigerant Losses	t CO2e	3	-	141	-	4416%
Scope 3 Waste	t CO2e	134	122	83	-33%	-39%
Scope 3 Energy related	t CO2e	609	130	122	-6%	-80%
Total	t CO2e	5,271	1,307	1,277	-2%	-76%
Employee related emissions	unit	2018	2019	2020	D 2019	D 2018
Scope 3 Business Travel	t CO2e	2,300	1,066	23	-98%	-99%
Scope 3 Hotel	t CO2e	223	219	33	-85%	-85%
Scope 3 Employee Commuting	t CO2e	2,130	2,130	1,046	-51%	-51%
Scope 3 Office Paper	t CO2e	175	160	43	-73%	-75%
Scope 3 IT Devices	t CO2e	209	208	697	234%	234%
Total	t CO2e	5,037	3,783	1,842	-51%	-63%

Product related emissions	Unit	2018	2019	2020	D 2019	D 2018
Scope 3 Paper Mills	t CO2e	19,717	19,731	13,901	-30%	-30%
Scope 3 Printers / Printing Materials	t CO2e	19,429	15,862	11,175	-30%	-42%
Scope 3 Warehouses	t CO2e	3,011	954	672	-30%	-78%
Scope 3 Transport Paper Mill to Printer	t CO2e	1,961	2,000	1,409	-30%	-28%
Scope 3 Transport Printer to Warehouse	t CO2e	2,139	2,978	2,098	-30%	-2%
Scope 3 Transport Distribution (Delivery & Returns)	t CO2e	1,830	1,951	1,374	-30%	-25%
Sub-total Scope 3 Transport	t CO2e	5,930	6,929	4,881		
Scope 3 End of Life (product waste)	t CO2e	1,215	1,281	902	-30%	-26%
Total Emissions	t CO2e	49,302	44,757	31,531	-31%	-42%

Total Emissions	Unit	2018	2019	2020	D 2019	D 2018
Scope 1	t CO2e	149	116	194	67%	30%
Scope 2	t CO2e	4,380	939	878	-6%	-80%
thereof heat	t CO2e	1,373	939	878	-6%	-36%
Scope 3	t CO2e	55,081	48,792	33,578	-31%	-39%
Sum of S1+S2+S3	t CO2e	59,610	49,847	34,650	-30%	-42%

Intensity Ratio	Unit	2018	2019	2020	D 2019	D 2018
Tonnes of CO2e per £M Revenue	t CO2e	124.47	97.83	64.03	-35%	-49%

Scope 1 emissions: direct emissions from owned or controlled sources.

Scope 2 emissions: indirect emissions from the generation of purchased energy

Scope 3 emissions: Other indirect emissions, not covered by scope 2

Acronyms: tonnes carbon dioxide equivalent (tCO2e); kilowatt hours (kWh); kilograms carbon dioxide equivalent per square foot of net lettable area (kgCO2e/sq.ft)

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

PRH Streamlined Energy and Carbon Reporting Disclosure 2020 (continued)

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.

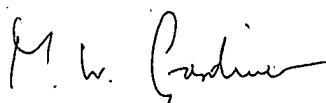
Shareholders

The board recognises the importance of regular and open dialogue with the shareholders and the need to ensure the strategy and goals of the company are effectively communicated to them. Feedback on these plans and objectives is welcomed by the directors and major business decisions are made closely and with the approval of the shareholders.

General

The Company is presenting the financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

By the order of the Board



Mark Gardiner
Director

2 December 2021

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and audited financial statements of the Company for the year ended 31 December 2020.

Future developments

Looking ahead, the market remains challenging and the economic backdrop remains similarly tough. Nonetheless 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 2021 and 2022 and the foreseeable future.

Financial instruments

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

Dividends

No dividends were paid during 2020 (2019: £nil).

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 statements. Further details regarding the adoption of the going concern basis can be found in Note 3 to the financial statements.

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

Directors

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

Mark Gardiner
Stephen Davies
Thomas Weldon
Joel Rickett
Nancy Twynam

Registered Office

The address of the Company's registered office is 20 Vauxhall Bridge Road, London, SW1V 2SA.

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, 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.

Statement as to disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have 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.

Engagement with customers, suppliers and other stakeholders

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.

WOODLANDS BOOKS LIMITED

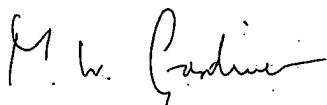
ANNUAL REPORT AND FINANCIAL STATEMENTS

DIRECTORS' REPORT **FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

Independent Auditors

On 9th December 2020, the former auditors PricewaterhouseCoopers LLC resigned, and the shareholders in general meeting appointed KPMG LLP as the auditor of the company on the same day.

On behalf of the Board



Mark Gardiner
Director

2 December 2021

20 Vauxhall Bridge Road
London
SWV 2SA

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 judgements and 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 WOODLANDS BOOKS LIMITED

Opinion

We have audited the financial statements of Woodlands Books Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOODLANDS BOOKS LIMITED
(continued)

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 including specific words in their descriptions and those made to unrelated accounts.

Identifying and responding to risks of material misstatement due to non-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 WOODLANDS BOOKS LIMITED (continued)

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; or
- We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9 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 WOODLANDS BOOKS LIMITED
(continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



David Arnold (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
2 December 2021

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	Restated 2019 £
Turnover	5	9,796,095	10,873,265
Cost of sales		(4,250,423)	(5,969,577) *
Gross profit		5,545,672	4,903,688
Distribution costs		(500,754)	(559,708) *
Administrative expenses		(2,417,108)	(3,191,353) *
Operating profit	6	2,627,810	1,152,627
Interest receivable and similar income	8	22,154	53,651
Profit before taxation		2,649,964	1,206,278
Tax on profit	9	(517,897)	(209,998)
Profit for the financial year		2,132,067	996,280

*Prior year balances have been restated. See note 21 for details.

Continuing operations

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

The notes are an integral part of these financial statements.

WOODLANDS BOOKS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Profit for the financial year	2,132,067	996,280
Other comprehensive income	-	-
Profit for the financial year and total comprehensive income	2,132,067	996,280

The notes are an integral part of these financial statements.

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Company no: 05332629

BALANCESHEET AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Current assets			
Stocks	10	867,778	868,891
Advance royalties	11	354,782	-
Debtors	12	14,570,505	13,127,720
Cash and cash equivalents		1,439	15,072
		<u>15,794,504</u>	<u>14,011,683</u>
Creditors: amounts falling due within one year	13	(4,256,375)	(4,450,023)
Net current assets		<u>11,538,129</u>	<u>9,561,660</u>
Total assets less current liabilities		<u>11,538,129</u>	<u>9,561,660</u>
Creditors - amounts falling due after more than one year	14	(559,221)	(502,572)
Provisions for liabilities	15	(1,299,326)	(1,511,573)
Net assets		<u>9,679,582</u>	<u>7,547,515</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Share premium account		5,147,527	5,147,527
Profit and loss account		4,531,055	2,398,988
Total equity		<u>9,679,582</u>	<u>7,547,515</u>

The notes are an integral part of these financial statements.

The financial statements were authorised for issue by the board of directors on 2 December 2021 and were signed on its behalf by:



Mark Gardiner
Director
Woodlands Books Limited

WOODLANDS BOOKS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Balance as at 1 January 2019	1,000	5,147,527	1,402,708	6,551,235
Changes in equity				
Total comprehensive income for the year	-	-	996,280	996,280
Balance as at 31 December 2019	1,000	5,147,527	2,398,988	7,547,515
Changes in equity				
Total comprehensive income for the year	-	-	2,132,067	2,132,067
Balance as at 31 December 2020	1,000	5,147,527	4,531,055	9,679,582

The notes are an integral part of these financial statements.

Called up share capital

The called up share capital account records the nominal value of shares issued.

Share premium account

The share premium account is used to record the premium on shares issued.

Profit and loss account

This includes all current and prior period retained profits and losses. All reserves in respect of profit and loss are distributable reserves.

WOODLANDS BOOKS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

The Company is a private company limited by shares. Woodlands Books Limited is a book publisher that sells its books globally with the majority of the sales in the UK. The Company is a joint undertaking between The Random House Group Limited and BBC Studios Distribution Limited ("BBC"). The Random House Group Limited owns 85% of the joint venture, and the Company is treated as its subsidiary. The Company is UK domiciled and registered in the United Kingdom. The address of its registered office is 20 Vauxhall Bridge Road, London, SW1V 2SA.

2 STATEMENT OF COMPLIANCE

The individual financial statements of Woodlands Books Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention in accordance with the UK Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 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 in note 4.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: disclosures'
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The following paragraphs of IAS 1 'Presentation of financial statements':
 - 10(d) (statement of cash flows)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information)

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation of financial statements (continued)

- 134-136 (capital management disclosures)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

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 statements and therefore have prepared the financial statements on a going concern basis.

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 2020 that have had a material impact on the company's financial statements.

Foreign Currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is also the functional currency of the Company.

Turnover

Turnover comprises 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.

WOODLANDS BOOKS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Turnover (continued)

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 a 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.

Income from sub rights

Fees charged for the use of rights granted by the agreement and related services are recognised as turnover as the rights are used.

Taxation

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

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

Stocks

Stocks 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 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. Provision is made for obsolete and slow moving stocks. Net realisable value is estimated selling price in the ordinary course of business less applicable variable selling expenses.

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, less any provision required to adjust the advance to its net realisable value. Once a manuscript is marked as accepted in the future, contracted advances are recognised as payable. 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. These titles are reassessed each year until publication occurs. For published titles, the company assesses the difference between the gross advance paid and the royalty earnings and sub rights income at the point of review. All titles are reassessed twice a year following the publication. The royalty advance is expensed at the contracted or effective royalty rate as the related turnover is earned.

WOODLANDS BOOKS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets

The Company financial assets include receivables. 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 separate line item in the profit or loss under 'net impairment losses on financial and contract assets'.

Trade debtors and amounts owed by group undertakings

Trade debtors and amounts owed by group undertakings are stated at amortised cost after provision for bad and doubtful debts. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for insignificant trade receivables and a risk score on an individual basis for significant trade receivables. 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.

Trade creditors and amounts owed to group undertakings

Trade creditors and amounts owed to group undertakings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 3, 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.

Key accounting estimates and assumptions

(i) Stocks Provisioning

The Company publishes books and is subject to changing customer demands. As a result it is necessary to consider the recoverability of the cost of stock. When calculating the stock provision, management considers the ageing of the stock as well as predicted future sales based on historical sales data by publishing imprint.

WOODLANDS BOOKS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

Key accounting estimates and assumptions (continued)

(ii) 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.

5 TURNOVER

	2020 £	2019 £
Analysis of turnover by geography:		
UK and The Republic of Ireland	8,734,490	9,064,544
Rest of the World	1,061,605	1,808,721
	<hr/> 9,796,095	<hr/> 10,873,265

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

6 OPERATING PROFIT

Operating profit is stated after charging:

	2020 £	2019 £
Personnel costs:		
Wages and salaries	288,681	260,192
Social security costs	32,382	28,163
Other pension costs	19,011	15,800
	<hr/> 340,074	<hr/> 304,155

6 OPERATING PROFIT (continued)

	2020 £	2019 £
Stock recognised as an expense	2,675	3,489
(Reversal of impairment)/impairment of trade receivables	(31,929)	5,853
Impairment/(reversal of impairment) of stock	53,633	(77,026)

The audit fee for the Company has been borne by its immediate parent company, The Random House Group Limited (RHG). Audit fees borne on the Company's behalf amount to £7,403 (2019: £10,193). Administrative expenses and Distribution costs include costs of £2,509,428 (2019: £2,689,937) recharged from RHG during the year.

WOODLANDS BOOKS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

7 EMPLOYEES AND DIRECTORS

Employees

The monthly average number of persons employed by the Company during the year was:

	2020 Number	2019 Number
Editorial	5	5
	<hr/> 5	<hr/> 5

Directors' remuneration

	2020 £	2019 £
Aggregate emoluments	48,565	47,832
Amounts receivable under long term incentives	2,391	2,378
Company pension contributions	3,394	3,189
	<hr/> 54,350	<hr/> 53,399

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

Highest paid director for services to this Company

	2020 £	2019 £
Emoluments	35,651	35,150
Defined benefit pension scheme accrued	1,259	1,218
	<hr/>	<hr/>

Although three (2019: three) of the directors of the Company have service contracts with either Penguin Books Limited or The Random House Group Limited, a proportion of their time and efforts are spent on providing executive services to Woodlands Books Limited.

Highest paid director for services to this Company (continued)

The following directors of the Company are paid by either Penguin Books Limited or The Random House Group Limited as follows:

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

Two (2019: three) directors are paid directly by the BBC with no recharge to Woodlands Books Limited as their services to the Company are considered incidental to their BBC responsibilities. Accordingly, the schedule above includes no emoluments in respect of these two (2019: three) directors.

WOODLANDS BOOKS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Interest receivable on cash pooling	22,154	53,651

9 TAX ON PROFIT

Analysis of tax expense for the year:

	2020	2019
	£	£
<i>Amount payable for group relief and UK corporation tax:</i>		
<i>Current Tax:</i>		
Current year	503,493	229,193
Overseas tax	11,221	26,219
Double tax relief	(11,221)	(26,219)
Adjustments in respect of prior years	14,404	(19,195)
	517,897	209,998

The tax assessment for the year is higher (2019: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2020 of 19.00% (2019: 19.00%). The differences are explained below:

Factors affecting the tax charge for the year:

	2020	2019
	£	£
Profit before taxation	2,649,964	1,206,278
Corporation tax at standard rate of 19.00% (2019: 19.00%)	503,493	229,193
<i>Effects of:</i>		
Adjustments to tax charge in respect of prior years	14,404	(19,195)
Total tax charge	517,897	209,998

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The entity does not have any UK deferred tax asset/(liability) as at 31 December 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly but shall not have any material impact on deferred tax.

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

10 STOCKS

	2020 £	2019 £
Work in progress	375,894	330,426
Finished books	491,884	538,465
	<u>867,778</u>	<u>868,891</u>

The cost of stock is recognised as cost of sales. Stock is stated after provision for impairment of £283,852 (2019: £230,219). No stock has been pledged as security for liabilities.

11 ADVANCE ROYALTIES

Included in advance royalties is £354,782 (2019: £nil) 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.

12 DEBTORS

	2020 £	2019 £
Trade receivables	12,856	44,846
Amounts owed by group undertakings	14,540,089	13,023,387
Other receivables	17,560	58,687
Prepayments and accrued income	-	800
	<u>14,570,505</u>	<u>13,127,720</u>

Amounts owed by group undertakings are unsecured and repayable on demand. The balances are interest free, except for £6,972,000 (2019: £7,067,000) in respect to the cash pooling agreement with the Company's immediate parent company, The Random House Group Limited. Interest is charged on these amounts on a monthly basis; the average interest rate for the year ranges from 0.05% to 2.79% for the year (2019: ranged from 0.69% to 3.31%).

Receivables are stated after provision for impairment of £58,178 (2019: £90,108).

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	2,279,377	1,752,032
Amounts owed to group undertakings	694,482	1,701,672
Taxation and social security	492,272	207,536
Other payables	-	42,421
Accruals and deferred income	790,243	746,362
	<u>4,256,375</u>	<u>4,450,023</u>

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

WOODLANDS BOOKS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Trade creditors	559,221	502,572
	<u>559,221</u>	<u>502,572</u>

15 PROVISIONS FOR LIABILITIES

The company had the following provisions during the year:

	Onerous contracts provision £	Returns provision £	Discounts provision £	Total £
At 1 January 2019	101,134	785,815	910,654	1,797,603
Additions to the income statement	30,231	820,002	601,019	1,451,252
Amount utilised during the year	(40,813)	(785,815)	(910,654)	(1,737,282)
At 31 December 2019	<u>90,552</u>	<u>820,002</u>	<u>601,019</u>	<u>1,511,573</u>
At 1 January 2020	90,552	820,002	601,019	1,511,573
Additions to the income statement	-	743,228	556,098	1,299,326
Amount utilised during the year	(90,552)	(820,002)	(601,019)	(1,511,573)
At 31 December 2020	<u>-</u>	<u>743,228</u>	<u>556,098</u>	<u>1,299,326</u>

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.

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.

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

16 CALLED UP SHARE CAPITAL

	2020	2019
	£	£
Authorised, allotted, called up and fully paid:		
1,000 (2019: 1,000) Ordinary shares of £1 each	1,000	1,000

17 COMMITMENTS

There were commitments to authors for the payment of royalty advances amounting to £1,403,294 at 31 December 2020 (2019: £1,060,626).

18 RELATED PARTIES

The Company is a joint venture between The Random House Group Limited ("RHG") and BBC Studios Distribution Limited ("BBC"). As RHG owns 85% of the joint venture, the Company is treated as its subsidiary. RHG is a wholly owned subsidiary of Penguin Random House Ltd ("PRHL"). At the balance sheet date PRHL was 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

WOODLANDS BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

18 RELATED PARTIES (continued)

During the year the Company entered into the following material transactions with related parties not wholly owned by PRHL. All these entities are subsidiaries within the Bertelsmann SE & Co KGaA group:

	2020 £	2019 £
Sales:		
Random House Australia Pty Limited	161,959	242,913
Random House of Canada Limited	17,079	22,721
Random House Publishers India Private Limited	1,614	16,017
Penguin Random House South Africa (Pty) Limited	8,898	13,165
Distribution expenses:		
The Book Service Limited	481,989	542,072
Group Recharge Expenses:		
The Random House Group Limited	-	2,553,177
Penguin Books Limited	-	136,760
Interest Income:		
The Random House Group Limited	22,154	53,651
Debtors:		
The Random House Group Limited	6,972,130	7,067,196
The Book Service Limited	1,199,983	5,952,861
Creditors:		
The Random House Group Limited	-	1,698,644

Creditor balances are unsecured and no guarantees have been received. Creditor balances will be settled in cash.

WOODLANDS BOOKS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

21 PRIOR PERIOD ADJUSTMENTS

During 2020, the Directors noted that the royalty expenses in the Income statement for the year ended 31 December 2019 should have been disclosed as cost of sales instead of administrative expenses. These financial statements have been restated.

The impact of this restatement is an increase in cost of sales of £2,373,339, with a corresponding decrease in other operating expenses and Gross Profit for the year then ended. There is no impact on the Company's net assets at 1 January or 31 December 2019 or resultant tax impact for 2019.

During the current year the Directors decided to present distribution costs as a separate line item on the income statement and comparatives have been restated for comparability purposes. This restatement has the effect of increasing distribution costs and decreasing other administrative expenses by £559,708 for the year ended 31 December 2019.

The impact at 31 December 2019 was to increase the distribution costs and decrease administrative expenses by £559,708. There is no impact on the Company's net assets at 1 January or 31 December 2019 or resultant tax impact for 2019.