

Company No. 11069989

FLANAME O LIMITED

**ANNUAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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FLANAME 0 LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

The directors present their Strategic Report of Flaname 0 Limited ("the company") for the period ended 31 December 2018.

Principal activities

The company was incorporated on 17 November 2017. The company is a subsidiary of Penguin Random House Limited, a company registered in England and Wales. The company is UK domiciled and registered in England and Wales. The principal activity of the company is to act as a co-tenant under the headlease dated 17 December 2017 relating to the ground floor, mezzanine and 1st to 8th floors of Building A02, Phase 3 Embassy Gardens, Nine Elms, London.

Review of the business

The results and financial position of the company are set out in the attached financial statements. The company did not trade throughout the period and reported no profit or loss.

Key Performance Indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's 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. Given the straightforward nature of the business, no significant risks or uncertainties have been identified.

General

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

On behalf of the board



M GARDINER
Director

9 August 2019

FLANAME O LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Results and dividends

No dividends were proposed or paid during 2018 and the company reported no profit or loss for the financial year.

Financial instruments

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

Directors

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

Thomas Weldon	(appointed 17 November 2017)
Robert Waddington	(appointed 17 November 2017)
Mark Gardiner	(appointed 17 November 2017)
Sinead Martin (Company Secretary)	(appointed 17 November 2017)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

FLANAME O LIMITED

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

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 (as defined by section 418(3) of the Companies Act 2006) of which the company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

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

On behalf of the Board



M GARDINER
Director
9 August 2019

FLANAME O LIMITED

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Independent auditors' report to the members of Flaname o Limited

Report on the audit of the financial statements

Opinion

In our opinion, Flaname o 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 result for the period then ended 31 December 2018 (the "period");
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the period then ended 31 December 2018; 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 on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

FLANAME O LIMITED

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

Independent auditors' report to the members of Flaname o Limited (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 period 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.

FLANAME O LIMITED

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

Independent auditors' report to the members of Flaname o Limited (continued)

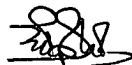
Other required reporting

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

9 August 2019

FLANAME O LIMITED

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

During the period the company received no income and incurred no expenditure reportable in the income statement and therefore made neither a profit or loss.

FLANAME 0 LIMITED

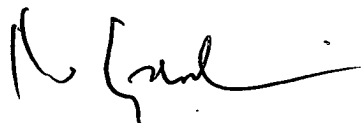
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**BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	2018 £
Fixed assets		
Tangible assets	4	41,224
		41,224
Current assets		
Debtors	5	394,551
		394,551
Creditors: amounts falling due within one year	6	(435,774)
Net current liabilities		(41,223)
Total assets less current liabilities		1
Net assets		1
Capital and Reserves		
Called up share capital	7	1
Total equity		1

The notes on pages 10 to 14 form part of these financial statements.

The financial statements on pages 7 to 14 were approved by the board of directors on 9 August 2019 and were signed on its behalf by:



M GARDINER
Director

FLANAME O LIMITED

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

	Note	Called up share capital £	Total equity £
Balance as at 17 November 2017		-	-
Changes in equity			
Issued during the year	7	1	1
Balance as at 31 December 2018		1	1

FLANAME 0 LIMITED

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

1 GENERAL INFORMATION

Flaname 0 Limited ("the company") is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is 20 Vauxhall Bridge Road, London, SW1V 2SA. The company, together with fellow subsidiary companies of Penguin Random House Limited, has entered into a lease dated 14 December 2017 for the occupation of the ground floor reception and mezzanine floor at Embassy Gardens, London with an access date in September 2019.

2 STATEMENT OF COMPLIANCE

The individual financial statements of the company 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.

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. Management has not involved a higher degree of judgement or complexity, or agrees whole assumptions and estimates are significant to the financial statements.

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

- IFRS 7, 'Financial Instruments: disclosures'
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, change in accounting estimates and errors' (requirement for the disclosure of information when entity has not applied a new IFRS that has been issued but is not yet effective)
- The following paragraphs of IAS 1 'Presentation of financial statements':
 - 10(d) (statement of cash flows)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures)
- 101p8(k) & The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

FLANAME O LIMITED

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

Notwithstanding the net current liabilities at the balance sheet date, the financial statements are prepared on a going concern basis which the directors believe to be appropriate. With the deferment of the loan balance owed to The Random House Group Limited (RHG) for a period of 12 months from the date of approval of these financial statements, as detailed in note 6, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next twelve months from the date of approval of these financial statements.

New standards, amendments and IFRIC interpretations

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 December 2018. Neither standard had a material impact on the company. There are no other amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2018 which have had a material impact on the company.

Foreign Currency translation

Functional and presentation currency

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

Transactions and balances

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

Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation. Historical cost includes the original purchase price and costs directly attributed to bringing the asset to its working conditions for intended use.

Assets under construction ("AUC") relate to the fitting out costs under the headlease agreement. On completion, the costs are transferred from AUC to the appropriate asset group, and depreciated over their useful economic life in accordance with the company's accounting policies from this point.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Amounts owed by group undertakings

Amounts owed by group undertakings are stated at amortised cost. No impairment provision is made on amounts owed by group undertakings on the grounds that they are repayable on demand.

FLANAME O LIMITED

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts owed to group undertakings

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

4 TANGIBLE ASSETS

	Assets under construction £	Total £
Cost:		
At 17 November 2017	-	-
Additions	41,224	41,224
At 31 December 2018	41,224	41,224
Accumulated amortisation and impairment:		
At 17 November 2017	-	-
At 31 December 2018	-	-
Net book value:		
At 31 December 2018	41,224	41,224

Assets under construction ("AUC") relate to the fitting out costs of the leased premises prior to the access date on 30 September 2019. On completion, the costs are transferred from AUC to the appropriate asset group, and depreciated over their useful economic life in accordance with the company's accounting policies.

5 DEBTORS

	2018 £
Amounts owed from group undertakings	394,550
Other debtors	1
	394,551

Amounts owed by group undertakings are unsecured and repayable on demand. On 5 August 2019 the company committed not to call for repayment of the balances due from other group companies. The commitment is provided for twelve months from the date of approval of these financial statements and shall automatically terminate and lapse after the expiry of such period of time, and by no later than 31 August 2020.

FLANAME 0 LIMITED

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

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £
Amounts owed to group undertakings	435,774
	435,774

Amounts owed to group undertakings are unsecured and interest free. Amounts owed to group undertakings includes £435,774 owed to The Random House Group Limited (RHG). On 5 August 2019, RHG committed not to call for the balance owed to it by the company. The commitment is provided for twelve months from the date of approval of these financial statements and shall automatically terminate and lapse after the expiry of such period of time, and by no later than 31 August 2020.

7 CALLED UP SHARE CAPITAL

	2018 £
Called up share capital	
Total share capital	1

	2018 No.	2018 £
Ordinary share £1 each		
Issued during the period	1	1
Allotted and fully paid at 31 December 2018	1	1

On incorporation of the company, one ordinary share of £1 each was issued at par value.

8 COMMITMENTS

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018 £
Premises:	
Not later than one year	-
Between two and five years	990,180
Over five years	2,277,414
	3,267,594

FLANAME 0 LIMITED

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

9 RELATED PARTY DISCLOSURE

The immediate parent undertaking is Penguin Random House Limited ("PRHL"). At the balance sheet date PRHL was owned by Bertelsmann UK Limited (75%) and Pearson PRH Holdings Limited (25%). 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

The company is exempt from the requirement, under International Accounting Standard 24 'Related party disclosures', to disclose transactions with entities that are wholly owned by PRHL. The company has taken advantage of this exemption.

10 ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 resulted in no adjustments to the amounts recognised in the financial statements.

IFRS 15 Revenue from Contracts with Customers

The adoption of IFRS 15 from 1 January 2018 resulted in no adjustments to the amounts recognised in the financial statements.