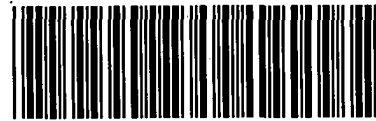


STORYGLASS UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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COMPANY INFORMATION

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| Directors | Robert McCourt Alistair Norbury Rebecca Smart Robert Waddington (appointed 1 January 2021) |
| Registered number | 12644551 |
| Registered office | One Fleet Place London EC4M 7WS |
| Independent auditor | KPMG LLP 15 Canada Square Canary Wharf London E14 5GL |

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STORYGLASS UK LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Introduction

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

Business review

The Company began trading during the year and the results and financial position of the Company are set out in the attached financial statements. The Company was non-trading and dormant in previous years. Loss for the financial period was £ 442,143 (2020: £Nil).

Principal risks and uncertainties

The Company is subject to risk management procedures and an annual risk assessment implemented by the ultimate parent company. 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.

Key performance indicators ("KPIs")

The directors of Bertelsmann SE & Co KGaA manage each respective group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators of the entity is not appropriate for an understanding of the development, performance or position of the business of the Company.

COVID-19

The directors of the Company do not see COVID-19 impacting their view that the Company will continue to operate as a going concern through 2022, 2023 and the foreseeable future.

STORYGLASS UK LIMITED

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

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

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

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

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

The directors fulfil these duties as follows:

The interest of the Company's employees

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

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.

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.

STORYGLASS UK LIMITED

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

General

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

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


.....

Robert McCourt
Director

Date: 19 January 2023

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Principal activity

The Company is a wholly owned subsidiary of Bertelsmann UK 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 develop, produce and promote audio-based projects. The Company is a dedicated podcast studio within the Bertelsmann group, aligning with group companies (Fremantle, BMG, Dorling Kindersley, RTL and Penguin Random House), and external partners, to identify new content opportunities and exclusive original programming.

Future developments

The Company will continue to seek new audio-based opportunities and projects across all scripted and unscripted genres (comedy, drama, factual, entertainment, education, self-development, children's etc). The directors of the Company do not see COVID-19 impacting their view that the Company will continue to operate as a going concern through 2022 and 2023 and the foreseeable future.

Results and dividends

The loss for the year, after taxation, amounted to £442,143 (2020 - profit £NIL).

No dividends were paid in the year. The directors do not propose payment of a final dividend for 2021.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Robert McCourt
Alistair Norbury
Rebecca Smart
Robert Waddington (appointed 1 January 2021)

Political contributions

The Company made no political or charitable donations or incurred any political expenditure during the current year or prior year.

Financial instruments

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

STORYGLASS UK LIMITED

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

Going concern

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

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

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

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

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:


- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

On 26 September 2022 KPMG LLP were appointed as the auditor of the Company.

This report was approved by the board on 19 January 2023

and signed on its behalf.



.....
Robert McCourt
Director

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**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing as applicable, matters relating to going concern;
- 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STORYGLASS UK LIMITED

Opinion

We have audited the financial statements of STORYGLASS UK LIMITED ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the Summary of Significant Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss 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.

Other matter

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

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 a period of at least twelve months 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STORYGLASS UK LIMITED

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 Bertelsmann's policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.

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 risk.

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 and those made to unrelated accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STORYGLASS UK LIMITED

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STORYGLASS UK LIMITED

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

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



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

Date: 19 January 2023

STORYGLASS UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Note | 2021 £ | 2020 (unaudited) £ |
|---|------|------------------|--------------------------|
| Turnover | 4 | 57,940 | - |
| Cost of sales | | (86,958) | - |
| Gross (loss)/profit | | (29,018) | - |
| Administrative expenses | | (515,102) | - |
| Operating (loss)/profit | 5 | (544,120) | - |
| Interest payable and similar expenses | 7 | (1,735) | - |
| (Loss)/profit before tax | | (545,855) | - |
| Tax on (loss)/profit | 8 | 103,712 | - |
| (Loss)/profit for the financial year | | (442,143) | - |

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 14 to 23 form part of these financial statements.

STORYGLASS UK LIMITED
REGISTERED NUMBER: 12644551

BALANCE SHEET
AS AT 31 DECEMBER 2021

| | Note | 2021 £ | 2020 (unaudited) £ |
|--|------|------------------|--------------------------|
| Current assets | | | |
| Stocks | 9 | 15,319 | - |
| Debtors: amounts falling due within one year | 10 | 176,908 | 1 |
| | | <u>192,227</u> | <u>1</u> |
| Creditors: amounts falling due within one year | 11 | (634,369) | - |
| Net current (liabilities)/assets | | <u>(442,142)</u> | <u>1</u> |
| Total assets less current liabilities | | <u>(442,142)</u> | <u>1</u> |
| Net (liabilities)/assets | | <u>(442,142)</u> | <u>1</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 1 | 1 |
| Profit and loss account | 13 | (442,143) | - |
| | | <u>(442,142)</u> | <u>1</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
Robert McCourt
Director

Date: 19 January 2023

The notes on pages 14 to 23 form part of these financial statements.

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| STORYGLASS UK LIMITED |
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|------------------|
| | £ | £ | £ |
| At 1 January 2020 | 1 | - | 1 |
| Total comprehensive income for the year | - | - | - |
| At 1 January 2021 | 1 | - | 1 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (442,143) | (442,143) |
| Total comprehensive income for the year | - | (442,143) | (442,143) |
| At 31 December 2021 | 1 | (442,143) | (442,142) |

The notes on pages 14 to 23 form part of these financial statements.

STORYGLASS UK LIMITED

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

1. General information

Storyglass UK Limited ('the Company') is a dedicated podcast studio within the Bertelsmann group, which produces, develops and promotes audio-based projects. The Company is a private Company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is One Fleet Place, London, EC4M 7WS. The registered number of the Company is 12644551.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in 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 (see note 3). Management considers there are no areas involving a higher degree of judgement or complexity, nor any areas where assumptions and estimates are significant to the financial statements.

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 ("UK 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 principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

STORYGLASS UK LIMITED

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

2. Accounting policies (continued)

2.3 Going concern

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

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

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

2.4 Impact of new international reporting standards, amendments and interpretations

There are no new amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the Company's financial statements.

2.5 Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company 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 foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account

STORYGLASS UK LIMITED

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

2. Accounting policies (continued)

2.6 Revenue

The Company derives revenue from the transfer of goods and services. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised when the performance obligation in the contract has been performed, which is when the product becomes available for use and the rights pass to the customer.

Revenue relates to the production and distribution of audio based projects. Revenue is presented net of sales deductions such as credit notes, discounts, value added tax and other sales taxes. Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Company's activities.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.8 Taxation

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

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

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.

2.9 Stocks

Work in progress, representing productions in progress, are stated at the lower of cost and net realisable value. Production costs are released to the profit and loss account on the delivery of podcasts, at which time the turnover is also recognised.

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

2. Accounting policies (continued)

2.10 Financial assets

The company classifies its financial assets in the following categories:

- Amortised cost.
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred subsequently all risks and rewards of ownership.

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

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

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses.

Impairment losses are presented as a separate line item in the profit or loss under 'net impairment losses on financial and contract assets.

The Company does not have any assets classified at FVOCI nor FVTPL.

2.11 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets are impaired. Financial assets are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring ("loss event") which has an impact on the estimated future cash flows of the financial assets that can be reliably measured.

STORYGLASS UK LIMITED

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

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Debtors

Trade debtors and amounts owed by group undertakings are stated at amortised cost after provision for bad and doubtful debts. The provision for such events is shown separately in provisions for other liabilities.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for insignificant trade debtors and a risk score on an individual basis for significant trade debtors. To measure the expected credit losses, trade debtors are grouped based on shared credit risk characteristics and the balance of uninsured debt across the Company. No impairment provision is made on amounts owed by group undertakings on the grounds that they are repayable on demand.

2.14 Creditors

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

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

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

In the application of the Company's accounting policies, 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, however, there are no significant accounting judgements and estimates applicable to this entity.

STORYGLASS UK LIMITED

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

4. Turnover

The whole of the turnover is attributable to the Company's principal activity of developing and producing podcasts.

Analysis of turnover by country of destination:

| | 2021 £ | 2020 £ |
|-------------------|---------------|-----------|
| United Kingdom | 36,958 | - |
| Rest of the world | 20,982 | - |
| | <u>57,940</u> | <u>-</u> |

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

| | 2021 £ | 2020 £ |
|-----------------------|---------------|-----------|
| Auditors remuneration | 30,000 | - |
| Exchange differences | 378 | - |
| | <u>30,378</u> | <u>-</u> |

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| STORYGLASS UK LIMITED |
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Employees and Directors

Staff costs were as follows:

| | 2021 £ | 2020 £ |
|-------------------------------------|-----------|-----------|
| Wages and salaries | 324,744 | - |
| Social security costs | 39,040 | - |
| Cost of defined contribution scheme | 24,584 | - |
| | 388,368 | - |
| | 388,368 | - |

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

| | 2021 No. | 2020 No. |
|-----------|-------------|-------------|
| Employees | 3 | - |
| | 3 | - |
| | 3 | - |

The directors of the company are employed by other companies within the Bertelsmann group, they are paid directly by these companies with no recharge to Storyglass UK Limited. Their services to the company are incidental to their respective responsibilities to the company which employs them. Accordingly no emoluments in respect of these directors are included in these financial statements.

7. Interest payable and similar expenses

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Interest payable on intercompany cash pooling | 1,735 | - |
| | 1,735 | - |
| | 1,735 | - |

STORYGLASS UK LIMITED

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

8. Taxation

| | 2021 £ | 2020 £ |
|---|------------------|-----------|
| Corporation tax | | |
| Current tax on profits for the year | (103,712) | - |
| | <u>(103,712)</u> | <u>-</u> |
| Total current tax | <u>(103,712)</u> | <u>-</u> |
| Deferred tax | | |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Taxation on (loss)/profit on ordinary activities | <u>(103,712)</u> | <u>-</u> |

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

| | 2021 £ | 2020 £ |
|---|------------------|-----------|
| (Loss)/profit on ordinary activities before tax | (545,855) | - |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | (103,712) | - |
| Total tax credit for the year | <u>(103,712)</u> | <u>-</u> |

The tax credit represents amounts receivable from fellow UK subsidiaries of the Bertelsmann group in respect of current year losses surrendered in the United Kingdom.

Factors that may affect future tax charges

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

STORYGLASS UK LIMITED

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

9. Stocks

| | 2021 £ | 2020 £ |
|-------------------------------------|---------------|-----------|
| Work in progress (goods to be sold) | 15,319 | - |
| | <u>15,319</u> | <u>-</u> |

Work in progress recognised as cost of sales in the year amounted to £60,197 (2020: £Nil).

10. Debtors

| | 2021 £ | 2020 £ |
|------------------------------------|----------------|-----------|
| Trade debtors | 29,927 | 1 |
| Amounts owed by group undertakings | 25,615 | - |
| Other debtors | 17,654 | - |
| Tax recoverable | 103,712 | - |
| | <u>176,908</u> | <u>1</u> |

Tax recoverable represents amounts receivable from fellow UK subsidiaries of the Bertelsmann group in respect of current year tax losses surrendered in the UK. Amounts owed by group undertakings are unsecured and repayable on demand. The balances are interest free.

11. Creditors: Amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|----------------|-----------|
| Trade creditors | 4,377 | - |
| Amounts owed to group undertakings | 408,776 | - |
| Accruals and deferred income | 221,216 | - |
| | <u>634,369</u> | <u>-</u> |

Amounts owed to group undertakings are unsecured and repayable on demand. Included within this is £397,256 (2020 - £NIL) owed to Bertelsmann UK Limited in respect of cash pooling agreements. These amounts incur interest on a monthly basis; the interest rate ranges from 0.05% to 2.79% for the year.

With the exception of amounts payable under cash pooling, all amounts owed to group undertakings are interest free.

STORYGLASS UK LIMITED

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

12. Share capital

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 1 (2020 - 1) Ordinary share of £1.00 | 1 | 1 |

13. Reserves

Profit and loss account

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

14. Related party transactions

The immediate parent undertaking is Bertelsmann UK Limited. The company's ultimate parent undertaking and controlling party is Bertelsmann SE & Co KGaA, which is incorporated in Germany, copies of whose consolidated financial statements (the smallest and largest financial statements in which the company is consolidated) can be obtained from Bertelsmann SE & Co KGaA, Corporate Communications, Carl Bertelsmann Strasse 270, Postfach 111, D-33311 Gütersloh, Germany.

As the company is ultimately a wholly owned subsidiary of Bertelsmann SE & Co KGaA it is exempt from the requirement, under International Accounting Standard 24 'Related party disclosures', to disclose transactions with entities that are wholly owned by this company. The company has taken advantage of this exemption.

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

| | 2021 £ | 2020 £ |
|---------------------------------|-----------|-----------|
| Debtors | | |
| FremantleMedia Limited | 25,615 | - |
| Other operating expenses | | |
| FremantleMedia Limited | 294,072 | - |