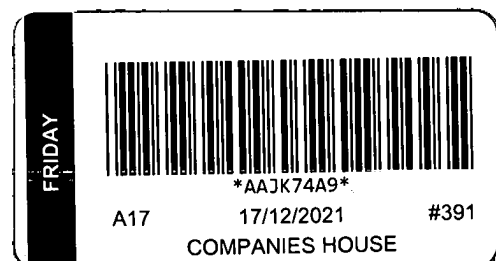


Registered Number: 00200130

LADYBIRD BOOKS LIMITED

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



LADYBIRD BOOKS LIMITED

COMPANY INFORMATION

Directors	Mark Gardiner
	Thomas Weldon
	Francesca Dow
Registered number	00200130
Registered office	20 Vauxhall Bridge Road
	London
	SW1V 2SA
Independent auditor	KPMG LLP
	15 Canada Square
	Canary Wharf
	London
	E14 5GL

LADYBIRD BOOKS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities

The Company is a subsidiary of Penguin Books Limited, which is a subsidiary of Penguin Random House Limited, a Company registered in the United Kingdom. The Company is UK domiciled and registered in the United Kingdom. The principal activity of the Company continues to be the publishing of children's books and associated products.

Business review

The results and financial position of the Company are set out in the attached financial statements. Profit for the year was £294,000 (2019: £363,000). The Company's strategic priorities continue to centre on producing high quality children's books.

The balance sheet on page 16 of the financial statements shows the Company's financial position at the end of the year.

Key performance indicators ("KPIs")

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

- Turnover was £20,381,000 (2019: £17,742,000)
- Gross profit margin was 42.8% (2019: 52.5%)

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, and the shift to the agency model, 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.

LADYBIRD BOOKS LIMITED

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. 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.

LADYBIRD BOOKS LIMITED

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 behavior change

LADYBIRD BOOKS LIMITED

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%

LADYBIRD BOOKS LIMITED

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

PRH Streamlined Energy and Carbon Reporting Disclosure 2020 (continued)

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)

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.

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.

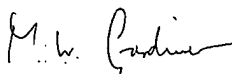
Shareholders

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.

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



Mark Gardiner

Director

29 September 2021

LADYBIRD BOOKS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements of Ladybird Books Limited ("the Company") for the year ended 31 December 2020.

Future developments

The Company will continue to seek suitable publishing opportunities to ensure growth. The directors do not anticipate any significant changes in the activities of the Company. The directors of the Company do not see COVID-19 impacting their view that the Company will continue to operate as a going concern through 2021 and 2022 and the foreseeable future and expects 2021 to return to pre COVID-19 levels or better.

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.

Dividends

No dividends were paid in 2020 (2019: £1,500,000).

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, liquidity risk and cash flow risk as insignificant.

LADYBIRD BOOKS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

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

Thomas Weldon (Chairman and Chief Executive)
Francesca Dow
Mark Gardiner

Sinead Martin (Company Secretary)

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 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.

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.

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.

LADYBIRD BOOKS LIMITED

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

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.

Independent auditors

On 9 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
29 September 2021

20 Vauxhall Bridge Road
London
SW1V 2SA

LADYBIRD BOOKS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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 LADYBIRD BOOKS LIMITED

Opinion

We have audited the financial statements of Ladybird Books Limited ("the company") for the year ended 31 December 2020 which comprise the Income Statement, Statement of 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 Company's high-level 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.
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressure to meet profit targets, 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 recognize revenue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADYBIRD BOOKS LIMITED (CONTINUED)

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 posted to unusual 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 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.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADYBIRD BOOKS LIMITED (CONTINUED)

Directors' responsibilities

As explained more fully in their statement set out on page 10, 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.

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.



Sabira Datto (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

29 September 2021

LADYBIRD BOOKS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Turnover	5	20,381	17,742
Cost of sales		(11,668)	(8,430)
Gross profit		8,713	9,312
Distribution costs		(876)	(1,186)
Administrative expenses		(7,352)	(7,653)
Operating profit	6	485	473
Interest payable and similar expenses	8	(100)	(36)
Profit before taxation		385	437
Tax on profit	9	(91)	(74)
Profit for the financial year		294	363

The notes are an integral part of these financial statements.

Continuing operations

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

LADYBIRD BOOKS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £'000	2019 £'000
Profit for the financial year	294	363
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	294	363

The notes are an integral part of these financial statements.

LADYBIRD BOOKS LIMITED

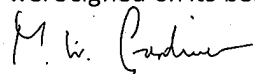
BALANCE SHEET AS AT 31 DECEMBER 2020

Company number: 00200130

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	11	63	68
		63	68
Current assets			
Stocks	12	4,626	3,991
Debtors	13	14,881	8,505
		19,507	12,496
Creditors: amounts falling due within one year	14	(15,649)	(8,870)
Net current assets		3,858	3,626
Total assets less current liabilities		3,921	3,694
Provisions for liabilities	15	(489)	(556)
Net assets		3,432	3,138
Capital and Reserves			
Called up share capital	16	2,000	2,000
Profit and loss account		1,432	1,138
Total equity		3,432	3,138

The notes are an integral part of these financial statements.

The financial statements were authorised for issue by the board of directors on 29 September 2021 and were signed on its behalf by:



Mark Gardiner
Director

LADYBIRD BOOKS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance as at 1 January 2019	2,000	2,275	4,275
Changes in equity			
Total comprehensive income	-	363	363
Dividends paid	-	(1,500)	(1,500)
Balance as at 31 December 2019	2,000	1,138	3,138
Changes in equity			
Total comprehensive income	-	294	294
Balance as at 31 December 2020	2,000	1,432	3,432

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.

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.

LADYBIRD BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

Ladybird Books Limited ("the Company") is a book publisher. The Company is a private Company limited by shares and incorporated in the United Kingdom. The Company sells its books globally with the majority of the sales in the UK and Ireland. The address of its registered office is 20 Vauxhall Bridge Road, London, SW1V 2SA.

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. The financial statements have been prepared in accordance with The 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 below or in note 4.

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- 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)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements'
 - paragraph 73(e) of IAS 16 'Property, plant & equipment'
 - paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period)
 - The following paragraphs of IAS 1 'Presentation of financial statements':
 - 10(d) (statement of cash flows)
 - 16 (statement of compliance with all IFRS)

LADYBIRD BOOKS LIMITED

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)

- 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)
- 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 anew IFRS that has been issued but is not yet effective)
- 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.

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

Going concern

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

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

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

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.

LADYBIRD BOOKS LIMITED

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. If these estimates do not reflect actual returns in future periods then turnover could be understated or overstated for a particular period. On certain contracts, where the Company acts as agent, turnover is recognised inclusive of any commissions and fees receivable for services rendered. Any third party costs incurred on behalf of the principal that are rechargeable under the contractual arrangement are included in turnover with a corresponding expense recognised in administrative expenses in the income statement.

Income from sub rights

Fees charged for the use of rights granted by the agreement and related services are recognised as revenue as the rights are used and the right to receive payment is established.

Taxation

The tax expense for the year comprises current and deferred 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 shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, 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.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

LADYBIRD BOOKS LIMITED

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

Tangible assets

Tangible assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis.

Owned artwork

Over periods of between 3 and 20 years

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 the 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.

The assessment of the recoverability of the origination assets and the determination of the amortisation profile involve a significant degree of judgement based on historical trends and management estimation of future potential sales. An incorrect amortisation profile could result in excess amounts being carried forward as stock that would otherwise have been written off to the profit and loss account in an earlier review. Reviews are performed regularly to estimate recoverability of pre-publication assets, based on forecast title sales.

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. From 1 January 2018 provisions for anticipated future sales returns and incentive discounts are no longer stated against trade debtors, but instead 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.

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.

LADYBIRD BOOKS LIMITED

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Author 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.

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) Advances

Advances of royalties paid to authors are recognised once a contract is approved within the royalty system, provided it is a signature advance or has had a manuscript accepted on the work, less any provision required to adjust the advance to its net realisable value for unpublished titles. The realisable value of royalty advances relies on a degree of management judgement in determining the profitability of individual author contracts. If the estimated realisable value of author contracts is overstated then this will have an adverse effect on operating profits as these excess amounts will be written off. The recoverability of royalty advances is assessed twice a year and is based upon a detailed management review of the age of the advance, the future sales projections for new authors and prior sales history of repeat authors. The realisable value will then be adjusted on a title by title basis to reflect the result of this analysis. The royalty advance is expensed at the contracted or effective royalty rate as the related turnover is earned. See note 13 for the carrying amount of royalty advances.

(ii) Returns Provisioning

The Company has agreements in place to allow customers to return books. As a result the Company makes an estimate of future returns based on historic data, the ageing of sales and business experience. See note 15 for details of the returns provision value.

(iii) Inventories 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 inventories. When calculating the inventories provision, management considers the ageing of the inventories as well as predicted future sales based on historical sales data by publishing imprint. See note 12 for the net carrying amount of the inventory and associated provision.

LADYBIRD BOOKS LIMITED

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

5 TURNOVER

	2020 £'000	2019 £'000
Analysis of turnover by geography:		
UK and The Republic of Ireland	11,398	10,540
Rest of the World	8,983	7,202
Total	20,381	17,742

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.

The Company's activities consist of one class of business namely publishing children's books and associated products.

6 OPERATING PROFIT

	2020 £'000	2019 £'000
Operating profit is stated after charging:		
Inventories recognised as an expense	9,682	7,741
Personnel costs:		
- Wages and salaries	783	678
- Social security costs	81	73
- Other pension costs	61	50
Impairment of inventory	243	294
Provision for advances	26	-
Depreciation of tangible assets	5	5
Auditor's remuneration		
- Statutory audit	30	30

Auditors' remuneration was borne by Penguin Books Limited in 2020 and 2019.

No staff were employed by the Company (2019: none). The personnel costs charged to the income statement relate to directors' remuneration and employees' wages recharged to the Company from Penguin Books Limited as part of the management charge.

The total management recharge from Penguin Books Limited was £2,615,000 (2019: £2,130,000).

LADYBIRD BOOKS LIMITED

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

7 EMPLOYEES AND DIRECTORS

Employees

All employees are employed by Penguin Books Limited ("PBL") and therefore all staff costs are borne by them. PBL then recoups this through the management recharge referred to in note 6.

Directors

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

The directors' emoluments were as follows:

	2020 £'000	2019 £'000
<i>Directors' remuneration:</i>		
Aggregate emoluments	148	145
Amounts receivable under long term incentives	19	19
Company pension contributions to money purchase schemes	13	13

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

The highest paid directors' emoluments were as follows:

	2020 £'000	2019 £'000
<i>Highest paid director:</i>		
Emoluments	82	80
Amounts receivable under long term incentives	16	16
Defined benefit pension scheme accrued at the end of the year	9	8

Two directors were paid by Penguin Books Limited and the other director is paid by The Random House Group Limited:

Director	Paid by
Thomas Weldon	Penguin Books Limited
Francesca Dow	Penguin Books Limited
Mark Gardiner	The Random House Group Limited

LADYBIRD BOOKS LIMITED

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

8 INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Interest payable on intercompany cash pooling	100	36

9 TAX ON PROFIT

	2020 £'000	2019 £'000
<i>Amount payable for group relief and UK corporation tax</i>		
Current year	73	83
Overseas tax	13	17
Double tax relief	(5)	(15)
Adjustments in respect of prior years	8	(11)
Total Amount payable for group relief and UK corporation tax	89	74
<i>Deferred tax, origination and reversal of timing differences</i>		
Adjustments in respect of prior years	2	-
Total Deferred tax, origination and reversal of timing differences	2	-
Total tax charge for the year	91	74

The effective tax for the year is lower (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:

	2020 £'000	2019 £'000
<i>Factors affecting the tax charge for the year:</i>		
Profit before taxation	385	437
Corporation tax at standard rate of 19.00% (2019: 19.00%)	73	83
<i>Effects of:</i>		
Withholding tax not creditable	8	-
Adjustments in respect of prior years current tax	8	(11)
Adjustments in respect of prior years deferred tax	2	-
Expenses not deductible for tax purposes	-	2
Total tax charge for year	91	74

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

The standard rate of corporation tax in the UK changed from 20.00% to 19.00% with effect from 1 April 2017. Accordingly the Company's profits/losses are taxed at an effective rate of 19.00% (2019: 19.00%).

At the March 2021 Budget the Government announced its intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. Whilst this rate is not yet substantively enacted such a change will increase the expected current tax charge or credit in the future and increase the recognised deferred tax assets.

LADYBIRD BOOKS LIMITED

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

10 DIVIDENDS

	2020	2019	2020	2019
	Pence per share	Pence per share	£'000	£'000
Equity – Ordinary				
Dividends paid in the year.	-	75	-	1,500

11 TANGIBLE ASSETS

	Owne artwork £'000	Total £'000
Cost:		
At 1 January 2020	88	88
At 31 December 2020	88	88
Accumulated depreciation and impairment:		
At 1 January 2020	(20)	(20)
Charge for year	(5)	(5)
At 31 December 2020	(25)	(25)
Net book value:		
At 31 December 2019	68	68
At 31 December 2020	63	63

Owne artwork relates to the Peter Rabbit series.

12 STOCKS

	2020 £'000	2019 £'000
Work in progress	1,718	1,764
Finished goods	2,908	2,227
	4,626	3,991

As of 31 December 2020, finished goods of £3,830,000 (2019: £2,906,000) were reviewed for impairment. The amount of the provision was £922,000 (2019: £679,000) as at 31 December 2020, and mainly relates to slow moving stock.

No inventories have been pledged as security for liabilities.

LADYBIRD BOOKS LIMITED

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

13 DEBTORS

	2020 £'000	2019 £'000
Deferred tax assets	2	2
Amounts owed by group undertakings	12,960	8,237
Other debtors	1,917	266
Prepayments and accrued income	2	-
	14,881	8,505

Amounts owed by group undertakings relate mainly to The Book Service Limited ("TBS"). Following the implementation of a new sales order processing system in 2017, the Company's trade debtor balances are held in TBS with a corresponding balance included in amounts owed by group undertakings. The amounts owed by group undertakings are unsecured and repayable on demand.

As of 31 December 2020, author advances of £4,754,000 (2019: £2,900,000) were reviewed for impairment. The amount of the provision was £2,762,000 (2019: £2,800,000). The net carrying values are included in other debtors.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Amounts owed to group undertakings	9,768	5,579
Trade creditors	5,450	2,851
Corporation tax	67	68
Other creditors	46	145
Accruals and deferred income	318	227
	15,649	8,870

Amounts owed to group undertakings are unsecured and repayable on demand. Included within this is £7,036,000 owed to Bertelsmann UK Limited (2019: £3,669,000 owed to Penguin Random House Limited) in respect of cash pooling agreements. From the 1 July 2020 the cash pooling arrangement has been moved from Penguin Random House Limited to Bertelsmann UK Limited. These amounts incur interest on a monthly basis; the interest rate ranges from 0.05% to 2.79% for the year (2019: ranged from 0.69% to 3.31% with Penguin Random House Limited).

Corporation tax represents amounts payable to fellow UK subsidiaries of the Penguin Random House Limited group in respect of current year tax losses surrendered in the United Kingdom.

LADYBIRD BOOKS LIMITED

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

15 PROVISIONS FOR LIABILITIES

	Returns provision £'000
At 1 January 2019	640
Release to income statement	(84)
At 31 December 2019	556
At 1 January 2020	556
Release to income statement	(556)
Amount utilised during the year	489
At 31 December 2020	489

The Company had the following provisions during the year:

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.

16 CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Called up share capital		
Total share capital	2,000	2,000
	2020 No '000s	2019 No '000s
Ordinary share £1 each		
Allotted and fully paid	2,000	2,000

17 RELATED PARTY

The immediate parent undertaking is Penguin Books Limited ("PBL"). PBL is a wholly owned subsidiary of Penguin Random House Limited ("PRHL"). At the balance sheet date PRHL was owned by Bertelsmann UK Limited 100%.

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 this Company. The Company has taken advantage of this exemption.