

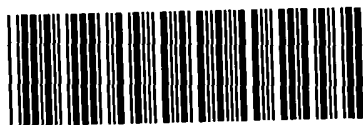
# **Prinovis UK Limited**

**Registered number 5063783**

## **Annual Report and Financial Statements**

**Year ended 31 December 2023**

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COMPANIES HOUSE

**Registered number 5063783**

**Directors and Advisors**

Richard Gray

Niklas Darijtschuk (resigned 31 January 2023)

Benjamin Wilson (appointed 9 August 2023)

**Company Secretary**

Denton Secretaries Limited

One Fleet Place

London

EC4M 7WS

**Independent Auditor**

KPMG LLP (UK)

One St Peter's Square

Manchester

M2 3AE

**Banker**

Deutsche Bank AG

1 Great Winchester Street

London

EC2N 2DB

**Registered Office**

One Fleet Place

London

EC4M 7WS

## **Strategic report**

The directors present their strategic report for the year ended 31 December 2023 for Prinovis UK Limited (the “company”).

### **Principal activities**

The company’s principal activity was print services, which ceased in Q3 2023. The directors do not intend to acquire a replacement trade and intend to make the company dormant once winding down activities are complete (anticipated in 2024). Therefore, the financial statements have not been prepared on a going concern basis (see note 2c for further information).

### **Business review**

Following the completion of existing contracts, the business ceased trading in Q3 2023. The site was cleared, resulting in the sale or disposal of all machinery, equipment and supplies.

The revenue for the first half year was £14.8m. The plant and machinery was disposed for £4.3m with an overall profit on disposal of £1.2m. The property was sold on 5 December 2023 for £18.5m with a profit on disposal of £6.6m.

During 2023 236 employees were made redundant leaving a small team working on the final wind down tasks.

### **Future development**

The wind down process is ongoing with the intention to make the company dormant by December 2024.

### **KPIs**

From Q3 2023, the main performance indicator is the progress of the project to clear / sell assets and to wind down the business. Following the site sale in December 2023, the project is on track.

### **Risk management**

As the business has ceased operations and all assets have been sold or disposed, the principal risks and uncertainties facing the company are limited to completing tasks necessary to wind down the company and complete the remaining redundancies.

Bertelsmann SE & Co KGaA continued to support the business with liquidity secured by way of an intercompany agreement with Bertelsmann UK Limited.

## Strategic report (continued)

### Statutory duties in accordance with s172(1) Companies Act 2006

The board of directors consider, both individually and together, that they have acted in the way they consider would be most likely to promote the success of the company for the benefit of its members and stakeholders as a whole in the decisions taken during the year ended 31 December 2023.

Our activities took into account the impact of the company's operations and decommissioning on the community and environment and our wider societal responsibilities. Sale of the site and assets has significantly simplified the remaining processes; however, during the remaining wind down of the business we will continue to operate the business in an environmentally sound manner liaising with key environmental bodies as necessary to ensure all obligations are met, in line with regulatory targets and with appropriate budgetary controls.

Our employees are fundamental to the delivery of our project plan, and we aim to be a responsible employer in our approach to pay and benefits our employees receive. The decision to cease operations means staff will be made redundant. Whilst this cannot be avoided, the company ensured that employees were, and will be, treated respectfully and fairly throughout the redundancy process from the first communication until their last day of employment.

The health, safety and well-being of our employees are primary considerations in decision making. We will continue to ensure adherence to health and safety laws and regulations through the remaining wind down process until all employees have been made redundant.

We aim to act responsibly and fairly in how we engage with suppliers, customers, investors and regulators. The site sale process was handled by a third party and included an extensive marketing and tender process. Liabilities and responsibilities will be fulfilled as part of the orderly closure process.

As the board of directors, our intention is to behave responsibly and ensure that the remaining decommissioning of the business is carried out in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.

On behalf of the board



Richard Gray  
Managing Director

6 March 2024

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2023.

### General information

Prinovis UK Limited is a private company, limited by shares. The company is domiciled, registered and incorporated in the United Kingdom.

### Future development

An indication of likely future developments of the business is included in the strategic report on page 3.

### Going concern

In Q3 2023, following the decision of the Bertelsmann Board, and existing contracts ceasing, the company ceased to trade. These financial statements have therefore not been prepared on a going concern basis. Please refer to note 2c for further details.

### Research and development

There is no incurred or expected research and development expenditure (2022: £nil).

### Proposed dividend

The directors do not recommend the payment of a dividend (2022: £nil).

### Charitable and political donations

No charitable or political donations were made in the financial year (2022: £nil).

### Financial risk management

Financial risk management is described in the strategic report on page 3.

### Disabled employees

The company gives full consideration to employment applications from disabled persons where the particular aptitudes and abilities of the candidate are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable (until their redundancy date) in the same or an alternative position and to provide appropriate training to achieve this aim.

### Employee involvement

Site wide communications were used in the first half of the year. For the second half of the year, it was practical to adjust to a weekly face to face meeting with all employees to ensure effective communication and provide an opportunity for discussion.

## **Directors' report (continued)**

### **Indemnity**

No qualifying third party professional indemnity provision or qualifying pension scheme indemnity provision has been in place for any of the directors during the year or the period up to the signing date.

### **Disclosure of information to the auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

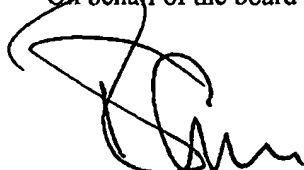
### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the company intends to reappoint KPMG LLP as the auditor.

### **Directors**

The directors who held office during the year and up to the date of signing the financial statements were Richard Gray and Benjamin Wilson.

On behalf of the board



Richard Gray  
Managing Director

**6** March 2024

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## Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 2c, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 its 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 PRINOVIS UK LIMITED

### Opinion

We have audited the financial statements of Prinovis UK Limited ("the company") for the year ended 31 December 2023 which comprise the statement of profit and loss and other comprehensive income, the balance sheet, the statement of changes in equity, and related notes, including the accounting policies in note 3. These financial statements have not been prepared on the going concern basis for the reason set out in note 2c.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards (including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101")); 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.

### 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.
- considering remuneration incentive schemes and performance targets for management / directors.
- using analytical procedures to identify any usual or unexpected relationships.

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

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 the entity ceased to trade during the year and as a result there is limited incentive or pressure to manipulate revenue and also revenue has been satisfied by cash by year end.

We identified a fraud risk related to the sale of fixed assets in response to these being unusual transactions of significant size outside the normal course of business.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINOVIS UK LIMITED (continued)

### Fraud and breaches of laws and regulations - ability to detect (continued)

We also performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those entries made with unusual combinations; and
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

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

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.

Firstly, 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.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and the UK Emissions Trading Scheme. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *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 PRINOVIS UK LIMITED (continued)**

### **Strategic report and directors' report**

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

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

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

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, 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](http://www.frc.org.uk/auditorsresponsibilities).

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINOVIS UK LIMITED (continued)**

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

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



**Gareth Roberts (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One St Peter's Square  
Manchester  
M2 3AE  
United Kingdom

07 March 2024

## Profit and Loss Account and Other Comprehensive Income

For the year ended 31 December 2023

	<i>Note</i>	<b>2023</b> <b>GBP'000</b>	<b>2022</b> <b>GBP'000</b>
<b>Turnover</b>	<b>4</b>	<b>14,780</b>	<b>38,401</b>
Change in stocks of finished goods and work in progress		(661)	(85)
Other operating income	<b>5</b>	11,148	3,242
Raw materials and consumables		(7,120)	(20,159)
Staff costs	<b>6</b>	(11,658)	(27,217)
Depreciation and amortisation	<b>10/11</b>	(1,030)	(2,583)
Impairment of non-current assets	<b>10/11</b>	(1,411)	(1,245)
Other operating expenses	<b>7</b>	(5,605)	(10,183)
<b>Total expenses</b>		<b>(16,337)</b>	<b>(58,230)</b>
<b>Operating loss</b>		<b>(1,557)</b>	<b>(19,829)</b>
Interest payable and similar expenses	<b>8</b>	(1,864)	(1,024)
<b>Loss before taxation</b>		<b>(3,421)</b>	<b>(20,853)</b>
Taxation	<b>9</b>	3,290	4,167
<b>Loss and other operating expense for the financial year</b>		<b>(131)</b>	<b>(16,686)</b>

All results derive from discontinued operations.

The notes on pages 15 to 31 are an integral part of these financial statements.

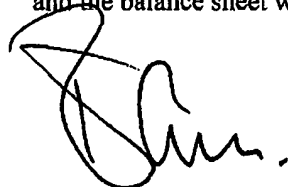
## Balance Sheet

As at 31 December 2023

	Note	2023 GBP'000	2022 GBP'000
<b>Fixed assets</b>			
Tangible assets	10	-	17,408
Intangible assets	11	-	-
		-	17,408
<b>Current assets</b>			
Stocks	12	-	1,708
Debtors	13	6,207	11,618
Cash at bank and in hand		34	639
		6,241	13,965
<b>Creditors: amounts falling due within one year</b>	14	(17,250)	(9,333)
<b>Net current (liabilities) / assets</b>		(11,009)	4,632
<b>Creditors: amounts falling due after more than one year</b>	14	(49)	(23,543)
<b>Provisions for liabilities</b>	15	(3,306)	(12,730)
<b>Net liabilities</b>		(14,364)	(14,233)
<b>Capital and reserves</b>			
Share capital	18	-	-
Capital contribution reserve	18	57,652	57,652
Accumulated losses		(72,016)	(71,885)
<b>Shareholders deficit</b>		(14,364)	(14,233)

The notes on pages 15 to 31 are an integral part of these financial statements.

The financial statements on pages 12 to 31 were authorised for issue by the Board of Directors on 6 March 2024 and the balance sheet was signed on the Board's behalf by:



Richard Gray  
Director

## Statement of changes in equity

For the year ended 31 December 2023

Attributable to equity owners of the parent

	Share capital GBP'000	Capital contribution GBP'000	Accumulated losses GBP'000	Total Equity GBP'000
Balance at 1 January 2022	-	57,652	(55,199)	2,453
Loss for the financial year and total comprehensive loss for the year	-	-	(16,686)	(16,686)
Balance at 31 December 2022	-	57,652	(71,885)	(14,233)
Loss for the financial year and total comprehensive loss for the year	-	-	(131)	(131)
Balance at 31 December 2023	-	57,652	(72,016)	(14,364)

The nature of the reserves is detailed in note 18.

The notes on pages 15 to 31 are an integral part of these financial statements.

## Notes to the financial statements

### 1 Corporate information

The financial statements contain information about Prinovis UK Limited as an individual entity. Prinovis UK Limited is a company limited by shares and is incorporated and domiciled in England.

### 2 Basis of preparation

#### a) General principles

The financial statements have been prepared on a historical cost basis. The financial statements have been prepared in GBP and all values are rounded to the nearest thousand.

#### b) Statement of compliance

The financial statements of Prinovis UK Limited for the year ended 31 December 2023 have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of cash flows and related notes;
- Comparative period reconciliations for tangible fixed assets and intangible assets;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of related party transactions between two members of a group; and
- Disclosures in respect of compensation of key management personnel.

As the consolidated financial statements of Bertelsmann SE & Co KGaA include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following:

- Certain disclosures required by IAS 13 *Fair Value Measurement*; and
- Disclosures required by IFRS 7 *Financial Instrument Disclosures*.

#### c) Going concern

The company ceased printing on 30 June 2023. The associated operational receivables were realised and operational payables were settled during Q3 2023. The directors did not acquire a replacement trade. The second half of 2023 was a period of decommissioning as the company closed the site down and sold its assets. The financial statements therefore have not been prepared on a going concern basis. Bertelsmann SE & Co KGaA have indicated that they will continue to support the company by providing the liquidity to wind down operations in an orderly manner. There has been no impact on the financial statements as a result of preparing the financial statements on a non going concern basis.

#### d) Changes in accounting policy and disclosures

Accounting policies adopted are consistent with those of previous years.

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## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies

#### a) Significant accounting judgments, estimates and assumptions

The preparation of the company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of turnover, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. Estimates and assumptions are continually evaluated and are based on historical experience and other facts, including expectations of future events that are believed to be reasonable under the circumstances.

The key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. The proposed future changes in the corporation tax rates (where enacted or substantively enacted) are considered in this calculation. Further details are contained in note 9.

#### Provisions

As a consequence of the plan to cease operations during 2023 the company included a number of significant provisions in the 2022 financial statements. These provisions have been, for the most part, utilised during 2023. Any remaining provisions relate to a small number of employees that have a redundancy date in 2024 and later.

#### b) Currency translation

The financial statements are presented in GBP, which is the company's functional and presentational currency. Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the balance sheet are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit and loss and other comprehensive income. 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 translated at foreign exchange rates ruling at the dates the fair value was determined.

#### c) Revenue recognition

The company operates a number of revenue streams and accordingly applies methods for revenue recognition based on the principles set out in IFRS 15. The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition), or 'over time' as control of the performance obligation is transferred to the customer.

Turnover is measured at the fair value of the economic consideration received, excluding discounts, rebates, amortisation of supplier contracts and other sales taxes or duty.

The following revenue recognition criteria apply to the company's main income streams:

#### Sale of goods

Turnover from the sale of goods is recognised when the transfer of control of the goods has passed to the buyer, usually on dispatch of the goods. Payment terms vary between 30 days and 90 days.

#### Sale of by-products

The sale of by-products of the production process is included in turnover in the month they are physically sent to the buyer. Any stocks held at the end of the year are capitalised.

#### Sale of scrap products

The sale of scrap products is recognised as other operating income in the month they are physically sent to the buyer. Any stocks held at the end of the year are capitalised.



## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### d) Intangible assets

Purchased intangible assets are stated at acquisition cost. Intangible assets with finite useful lives are amortised systematically on a straight-line basis over their estimated useful lives. Impairments are recorded applying the requirements of impairment tests (IAS 36). Intangible assets with indefinite useful lives are not amortised, but are subject to an annual impairment test and, where applicable, are written down to their recoverable amount. Capitalised software is amortised over 3 years, and licences are amortised over the term of the respective licence agreement.

#### e) Property, plant and equipment

##### (i) Owned assets

Items of property, plant and equipment are stated at acquisition cost less depreciation and accumulated impairment. Assets under construction are not depreciated.

Maintenance expenses are recorded as an expense in the year in which they were incurred, whereas costs incurred resulting in a prolongation of the asset's useful life or in an improvement to its use, are recognised as an increase in the carrying value of the asset.

Borrowing costs attributable to assets under construction are recognised as an expense when incurred.

Items included in property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives.

The following useful lives were used until 30 June 2023. At this point all the remaining assets were reclassified as being held for sale and no further depreciation was charged.

• Land	not depreciated
• Buildings	33 years
• Plant and machinery	8 to 15 years
• Vehicles	3 to 5 years
• Fixtures and fittings	3 to 10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss and other comprehensive income in the year the asset is derecognised.

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## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### e) Property, plant and equipment (continued)

##### (ii) Leased assets

For any new contracts entered into the company considers whether a contract is, or contains, a lease. A lease is defined as a contract (or part of a contract) that conveys the right to use an asset for a period of time in exchange for consideration. The company assesses whether the contract meets three key evaluations, which are whether:

- a) the contract contains an identified asset;
- b) the company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use;
- c) the company has the right to direct the use of the identified asset throughout the period of use.

If the contract is a lease, the asset is recognised in the balance sheet at the amount of the discounted future payment obligations. This amount is also recognised as the lease liability. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the statement of profit and loss and other comprehensive income. The asset is depreciated over the term of the lease. There are no conditional lease payments or subleases. The discount rate used is provided by the parent company, and is used throughout the group.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a), b) or c) above.

##### (iii) Other lease payments

Payments made for the lease of low value assets are recognised in the statement of profit and loss and other comprehensive income on a straight-line basis over the term of the lease. Low value assets are those with a value below €5,000.

##### (iv) Impairments

At each reporting date the carrying amounts of property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company will estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amounts were also reviewed at 30 June 2023, when the assets were reclassified as being held for sale. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss and other comprehensive income.

Where an impairment loss subsequently reverses the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying value that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable asset groups. There is no change to the aggregation of assets since the last review.

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## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### f) Financial instruments

##### Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or as available for sale financial assets, as appropriate. The company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Purchases and sales of financial assets are recognised on the trade date, being the date that the company commits to purchase or sell the asset. Transactions require delivery of assets within the timeframe generally established by regulation or convention in the marketplace. The subsequent measurement of financial assets depends on their classification.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the statement of profit and loss and other comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

##### Impairment

The company recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost. The company measures loss allowances at an amount equal to lifetime ECL. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience, informed credit assessment and including forward-looking information.

#### g) Inventories

Inventories are stated the lower of cost, and their net realisable value.

Costs include all costs incurred in bringing each product to its present location and condition, including any attributable overheads, as follows:

- |                                       |                                                                                                     |
|---------------------------------------|-----------------------------------------------------------------------------------------------------|
| • Raw materials                       | purchase cost on a moving average basis                                                             |
| • Work in progress and finished goods | cost of direct materials and labour plus attributable overheads based on a normal level of activity |

Net realisable value is the estimated sales price less expected costs to complete and estimated selling expenses. A write down is made if the net realisable value is lower than cost. The write down is reversed if the circumstances causing the write-down no longer exist. The new carrying value then represents the lower of acquisition or manufacturing cost and adjusted net realisable value. If the acquisition or manufacturing cost exceeds their current fair value at the balance sheet date, inventories are written down to their net realisable value.

#### h) Receivables

Other receivables and other assets are stated at their amortised cost or, where appropriate, at their fair value. Foreign currency receivables are translated into the reporting currency at rates ruling at the end of the year.

## Notes to the financial statements (continued)

### 3 Summary of significant accounting policies (continued)

#### i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash on hand. The bank overdraft is used to manage the day to day cash flows of the business. Amounts in foreign currency are translated into the reporting currency at rates ruling at the end of the year.

#### j) Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method.

Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognised in finance income and finance cost.

#### k) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Turnover, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the balance sheet.

#### l) Provisions

All provisions have been recognised to the extent there is a legal or constructive obligation to a third party. Provisions are measured at full cost in the amount of the probable obligation.

## **Notes to the financial statements (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **m) Trade payables and liabilities**

Trade payables and liabilities are stated at amortised cost. Liabilities in foreign currency are translated into the reporting currency at rates ruling at the end of the year.

#### **n) Derecognition of financial assets and liabilities**

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the existing liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the statement of profit and loss and other comprehensive income.

#### **o) Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants received in prior years continue to be held on the balance sheet and are recognised in the statement of profit and loss and other comprehensive income, being matched against the useful life of the assets which they relate to.

The Job Retention Scheme was closed in 2022.

#### **p) Share capital**

Ordinary shares are classified as equity.

#### **q) New standards**

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2023 have had a material impact.

## Notes to the financial statements (continued)

### 4 Turnover from contracts with customers

In the following table, turnover is disaggregated by primary geographical market and the major product/service lines.

Primary geographical markets:

	2023	2022
	GBP'000	GBP'000
UK	14,522	37,620
Europe	258	781
	<u>14,780</u>	<u>38,401</u>

Major products/service lines:

	2023	2022
	GBP'000	GBP'000
Sale of printed materials	13,851	36,360
Sale of paper reels	515	119
Sale of toluene (printing by-product)	201	708
Sale of waste paper (printing by-product)	213	1,214
	<u>14,780</u>	<u>38,401</u>

All products and services are transferred at a point in time. There were no contract assets held under IFRS 15.

### 5 Other operating income

	2023	2022
	GBP'000	GBP'000
Gains on sale of fixed assets	8,577	-
Intercompany recharges	448	629
Paper claims / web breaks	152	240
Energy income	-	62
Income from sale of scrap / spares	1,377	8
Other income	582	480
Rates refund	-	1,739
Foreign exchange gains	12	84
	<u>11,148</u>	<u>3,242</u>

During 2022 the company received notification of a successful outcome to the long standing challenge to Liverpool City Council to lower the rateable value of the site. This was backdated to 2010, and resulted in a credit of £1,539,000. There was a further credit received of £200,000 that was a result of a claim that was made for business rates relief under the Covid 19 additional relief fund.

## Notes to the financial statements (continued)

### 6 Staff costs

	2023	2022
	GBP'000	GBP'000
Wages and salaries	8,144	12,216
Redundancy costs	441	12,283
Social security costs	941	1,322
Other pension costs (note 17)	2,132	1,396
	<u>11,658</u>	<u>27,217</u>

### Monthly average number of employees

	2023	2022
Administration staff	28	39
Operational staff	111	222
	<u>139</u>	<u>261</u>

### Directors' emoluments

	2023	2022
	GBP'000	GBP'000
Emoluments and benefits	415	278
	<u>415</u>	<u>278</u>

The aggregate of emoluments and amounts received under long term incentive schemes of the highest paid director was £344,000 (2022: £278,000), and pension contributions of £nil (2022: £nil) were made to a stakeholder scheme on his behalf. No director is a member of any company pension scheme. There are no benefits accruing to any member of key management under money purchase schemes or defined benefit schemes. No director is a member of any share option schemes. No advances, credits or guarantees have been made.

### 7 Other operating expenses

Other expenses include:

	2023	2022
	GBP'000	GBP'000
Losses on sale of fixed assets	724	-
Auditor remuneration	75	63
Operating lease rentals - other	26	43
Distribution expenses	355	1,341
Other expenses	4,425	8,736
	<u>5,605</u>	<u>10,183</u>

There were no non-audit fees (2022: £nil).

Auditor remuneration:

	2023	2022
	GBP'000	GBP'000
Audit of these financial statements	75	63
	<u>75</u>	<u>63</u>

## Notes to the financial statements (continued)

### 8 Interest payable and similar expenses

	2023	2022
	GBP'000	GBP'000
Interest expense on intercompany loan	1,863	1,023
Other interest expense	1	1
	<u>1,864</u>	<u>1,024</u>

### 9 Taxation

Income taxes, divided between current and deferred, as are follows:

	2023	2022
	GBP'000	GBP'000
Current income taxes	6,048	3,319
Current income taxes prior year adjustment	283	(2)
Deferred income taxes		
- origination and reversal of timing differences	(3,041)	850
Total credit from income taxes	<u>3,290</u>	<u>4,167</u>

### Reconciliation of effective net tax

	2023	2022
	GBP'000	GBP'000
Loss before income tax	(3,421)	(20,853)
Tax using the UK corporation tax rate of 23.5% (2022: 19%)	804	3,962
Permanent differences – expenses not deductible	(4)	(5)
Permanent differences – gains from disposal of tangible assets	3,428	-
Deferred tax rate differences	(116)	201
Deferred tax prior year adjustment	(358)	11
Other deferred tax movement	(747)	-
Current income taxes prior year adjustment	283	(2)
Total tax credit	<u>3,290</u>	<u>4,167</u>

### Current tax

The company's profits are taxed at a rate of 23.5% (2022: 19%).

### Current tax asset

	2023	2022
	GBP'000	GBP'000
Current income tax	<u>6,048</u>	<u>3,319</u>



## Notes to the financial statements (continued)

### 9 Taxation (continued)

#### Deferred taxes

A deferred tax asset has not been recognised in 2023.

At 31 December 2023 the company had unutilised tax losses of £nil (2022: £35m) following cessation of the trade, and future capital allowances in excess of future depreciation of £nil (2022: £8m).

#### Deferred tax asset

	Recognised GBP'000	Unrecognised GBP'000	Total GBP'000
Balance at 1 January 2022	2,191	8,712	10,903
Addition for the year	850	-	850
Balance at 31 December 2022	3,041	8,712	11,753
Decrease for the year	(3,041)	(8,712)	(11,753)
Balance at 31 December 2023	-	-	-

Analysis of the potential deferred tax asset by category of timing difference:

	Temporary differences GBP'000	Losses GBP'000	Total GBP'000
Balance at 1 January 2022	2,191	8,712	10,903
Change in tax rate	-	-	-
Prior year adjustments	11	-	11
Result for the year	839	-	839
Balance at 31 December 2022	3,041	8,712	11,753
Change in tax rate	-	-	-
Prior year adjustments	(358)	-	(1,105)
Result for the year	(2,683)	-	(1,936)
Extinguished on cessation	-	(8,712)	(8,712)
Balance at 31 December 2023	-	-	-

## Notes to the financial statements (continued)

### 10 Fixed assets

#### Property, plant and equipment

	Land & buildings GBP'000	Plant & machinery GBP'000	Vehicles GBP'000	Fixtures & fittings GBP'000	Under construction GBP'000	Total GBP'000
<b>Cost</b>						
Balance at 1 January 2023	54,897	126,430	1,421	4,718	-	187,466
Disposals	(54,897)	(126,430)	(1,336)	(4,718)	-	(187,381)
Balance at 31 December 2023	-	-	85	-	-	85
<b>Accumulated depreciation</b>						
Balance at 1 January 2023	(43,871)	(120,761)	(1,412)	(4,014)	-	(170,058)
Depreciation charge for the year	(246)	(700)	(3)	(81)	-	(1,030)
Impairment charge for the year	(103)	(1,308)	-	-	-	(1,411)
Disposals	44,220	122,769	1,330	4,095	-	172,414
Balance at 31 December 2023	-	-	(85)	-	-	(85)
<b>Carrying amounts</b>						
Book value at 1 January 2023	11,026	5,669	9	704	-	17,408
Book value at 31 December 2023	-	-	-	-	-	-

The land and buildings are all freehold.

Included within vehicles are three right of use assets with a total closing net book value of £nil (2022: £nil).

At 30 June 2023, all the remaining assets were reclassified as being held for sale. A review of the residual values was undertaken at this time, with a resultant impairment of £1.4m being booked. No further depreciation was charged in the second half of 2023.

The impairment charge is recognised on the face of the statement of profit and loss and other comprehensive income, and it all relates to assets used in the printing segment.

## Notes to the financial statements (continued)

### 11 Fixed assets

#### Intangible Assets

	Software GBP'000	Total GBP'000
<b>Cost</b>		
Balance at 1 January 2023	1,128	1,128
Disposals	(1,128)	(1,128)
Balance at 31 December 2023	-	-
<b>Accumulated amortisation</b>		
Balance at 1 January 2023	(1,128)	(1,128)
Disposals	1,128	1,128
Balance at 31 December 2023	-	-
<b>Carrying amounts</b>		
Book value at 1 January 2023	-	-
Book value at 31 December 2023	-	-

### 12 Stocks

	2023 GBP'000	2022 GBP'000
Raw materials and supplies	-	1,047
Work in progress	-	661
Finished goods and merchandise	-	-
	-	1,708

During the year, all the remaining stock was fully provided for and then written off at the cessation of trade. The year end stock provision was £nil (2022: £5,099,000). Included within stocks is £nil (2022: nil) expected to be recovered in more than 12 months.

## Notes to the financial statements (continued)

### 13 Debtors

	2023	2022
	GBP'000	GBP'000
Trade debtors	17	3,835
Amounts owed by group undertakings	66	151
Other debtors	39	1,101
Deferred tax asset	-	3,041
Group tax relief receivable	6,048	3,319
Prepayments	37	171
	<u>6,207</u>	<u>11,618</u>

At 31 December 2023 trade debtors at nominal value of £135,000 (2022: £nil) were impaired and fully provided for.

Included within trade debtors is £nil (2022: £nil) expected to be recovered in more than 12 months. Amounts owed by group undertakings are on standard trade credit terms and no interest is charged.

### 14 Creditors: amounts falling due within one year

	2023	2022
	GBP'000	GBP'000
Amounts owed to group undertakings (loan)	11,809	-
Bank loans and overdrafts	5	-
Lease liabilities	4	37
Trade creditors	639	5,950
Amounts owed to group undertakings (trade)	27	63
Taxation and social security	121	367
Other creditors	822	1,269
Accruals	326	1,647
VAT payable	3,497	-
	<u>17,250</u>	<u>9,333</u>

### Creditors: amounts falling due after more than one year

	2023	2022
	GBP'000	GBP'000
Amounts owed to group undertakings	-	23,539
Lease liabilities	-	4
Other creditors	49	-
	<u>49</u>	<u>23,543</u>

## Notes to the financial statements (continued)

### 15 Provision for liabilities

	Redundancy	Onerous supplier contracts	Environmental	Total
	GBP'000	GBP'000	GBP'000	GBP'000
Balance at 1 January 2023	12,260	65	405	12,730
Provisions made during the year	553	-	-	553
Provisions released during the year	(112)	(40)	(14)	(166)
Utilised in the year	(9,395)	(25)	(391)	(9,811)
Balance at 31 December 2023	3,306	-	-	3,306
Due within one year or less	2,687	-	-	2,687
Due after more than one year	619	-	-	619
	3,306	-	-	3,306

The provisions are all related to the restructuring. The redundancy provision is for the expected severance costs that arose after the cessation of operations in 2023 and the subsequent decommissioning of the site during 2023. Consultation had concluded by the time the provision was calculated, so the final redundancy terms are reflected in the assumptions. Whilst attrition could impact the provision, actual attrition since the announcement in November 2022 has been low. The timing of the provision is principally driven by employee redundancy dates. The majority of employees (68% by value) were made redundant on 30 June 2023.

The smaller provisions represented the expected costs of onerous supplier contracts and environmental obligations that arose in 2023. The environmental provision was management's estimate of the costs to be incurred to return the site to a satisfactory condition (or provide documentary evidence confirming there are no relevant issues) to comply with Environment Agency (EA) permit surrender requirements. No issues have been highlighted by either the EA (during annual reviews) or internal processes / controls throughout the period of operations. The remainder of the provision was released on successful sale of the property on 5 December 2023.

### 16 Interest-bearing loans and borrowings

	Current 2023	Current 2022	Non-current 2023	Non-current 2022
	GBP'000	GBP'000	GBP'000	GBP'000
Intercompany loan	11,809	-	-	23,539
Leasing liabilities	4	37	-	4
	11,813	37	-	23,543

The intercompany balance between Prinovis UK Limited and Bertelsmann UK Limited is denominated in GBP.

Interest was calculated at a floating rate of 2.75% above the Sterling Overnight Index Average (SONIA). The interest is added to the principal amount of the loan every quarter.

The loan is repayable on demand. In 2022 an agreement existed that the loan would not be recalled any earlier than September 2024, so it was classified as a non-current loan in that year. For 2023, the loan was reclassified as a current liability. There is no fixed repayment schedule for the loan. All excess funds generated by Prinovis UK Limited are used to repay the loan. The loan is not secured on any assets of Prinovis UK Limited.

## Notes to the financial statements (continued)

### 17 Employee benefits

The company operates a defined contribution (stakeholder) plan for the benefit of the employees. The company makes payments into an external fund on a contractual basis. Once the company has paid the contributions due, it is not obliged to provide any further benefits and hence no provision is recognised in the balance sheet. Obligations for contributions to defined contribution plans are recognised as an expense in the statement of profit and loss and other comprehensive income as incurred. The expense for the company for the year was £2,132,000 (2022: £1,396,000).

### 18 Capital and reserves

#### Share capital

Allotted, called up and fully paid	Ordinary shares (number)	
	2023	2022
In issue at beginning and the end of the year	1	1

At 31 December 2023, the authorised share capital comprised 3,000,000 ordinary shares of £1 each (2022: 3,000,000). The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

#### Capital contribution reserve

Prinovis GmbH & Co KG made a capital contribution on the 1 July 2005 of £40,651,775. They did not ask for or receive any additional shares in return for the contribution.

Bertelsmann UK Limited waived £17m of the intercompany loan in December 2020. This was treated as a capital contribution in the year. They did not ask for or receive any additional shares in return for the waiver.

### 19 Commitments

The company does not have any off balance sheet commitments relating to low value leases.

During the year ended 31 December 2023 £26,000 was recognised as an expense in the statement of profit and loss and other comprehensive income in respect of short term rentals and operating leases (2022: £43,000).

There are no commitments to leases that had not yet commenced at the balance sheet date.

### 20 Capital commitments

At 31 December 2023, the company had ongoing commitments of £nil (2022: £nil) for the construction of its property, plant and equipment.

## **Notes to the financial statements (continued)**

### **21 Related parties**

Transactions are made between Prinovis UK Limited and other Bertelsmann Printing Group companies, and also with other companies in the Bertelsmann Group. Transactions with related parties involve primarily the delivery of goods and services between the companies. They are made on arms' length terms and all transactions have arisen in the normal course of business.

Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2023 the company has not recorded any impairment of receivables relating to amounts owed by related parties (2022: £nil). The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Other than the directors' remuneration disclosed in note 6, there have been no related party transactions involving any of the key management personnel.

### **22 Ultimate parent company and parent company of larger group**

The company is a subsidiary undertaking of Bertelsmann UK Limited (the immediate parent undertaking), which is incorporated in England & Wales. The address of Bertelsmann UK Limited is One Fleet Place, London EC4M 7WS.

The ultimate parent company, and the ultimate controlling party, is Bertelsmann SE & Co. KGaA, which is incorporated in Germany, and it is the smallest and the largest group in which the results of the company are consolidated. Copies of the financial statements can be obtained from:

Bertelsmann SE & Co KGaA  
Corporate Communications  
Carl-Bertelsmann-Strasse 270  
33311 Gütersloh  
Germany