

RRD GDS LIMITED

Report and Financial Statements

31 December 2013



RRD GDS LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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RRD GDS LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J S Farmer
K T Woor

SECRETARY

J Dally

REGISTERED OFFICE

Tower Close
Huntingdon
Cambridgeshire
PE29 7YD

AUDITOR

Deloitte LLP
Chartered Accountants
Cambridge
United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2013

The directors' report has been prepared in accordance with the provisions applicable to companies subject to the small companies exemption

Business review and principal activity

The principal activity of the company is the holding of investments in subsidiaries. There have not been any significant changes in the company's principal activity in the year under review. On 31 January 2014 the company sold its investment in RR Donnelley Global Document Solutions Group Limited to RR Donnelley Holdings BV for a consideration of £6,000,000. The directors are not aware, at the date of this report, of any other likely major changes in the company's activities in the next year.

Going concern

The company does not trade, and therefore has no day to day working capital requirements.

For this reason the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Dividends

The company paid a final dividend of 5.47 pence per share for the year ended 31 December 2013 (2012 - £nil).

Directors

The directors who served throughout the year and to the date of this report except where indicated were as follows:

J S Farmer

M S Gordon (resigned 18 June 2013)

K T Woor (appointed 18 June 2013)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

Auditor

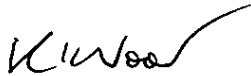
In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors on 31 March 2014 and signed on its behalf by



K T Woor

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RRD GDS LIMITED

We have audited the financial statements of RRD GDS Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RRD GDS LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report or in preparing the directors' report



David Halstead FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

2 April 2014

RRD GDS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Income from fixed asset investments	3	1,937	-
OPERATING PROFIT	4	1,937	-
Amounts written off investments in associate undertakings		(15,665)	-
Finance charges (net)	5	53	180
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(13,675)	180
Tax on (loss)/profit on ordinary activities	6	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	11	(13,675)	180

All activities derive from continuing operations

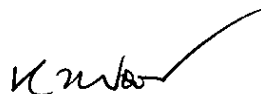
There were no recognised gains or losses other than the loss for the current financial year and the profit for the preceding financial year

RRD GDS LIMITED

BALANCE SHEET 31 December 2013

	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Investments	8	<u>122,242</u>	<u>137,907</u>
CURRENT ASSETS			
Debtors due in less than one year	9	-	3,957
Cash at bank and in hand		<u>-</u>	<u>1,438</u>
NET CURRENT ASSETS		<u>-</u>	<u>5,395</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		<u><u>122,242</u></u>	<u><u>143,302</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	135,000	150,000
Profit and loss account	11	<u>(12,758)</u>	<u>(6,698)</u>
SHAREHOLDERS' FUNDS	11	<u><u>122,242</u></u>	<u><u>143,302</u></u>

The financial statements of RRD GDS Limited, registered number 05424810, were approved by the Board of Directors on 31 March 2014 and signed on its behalf by



K T Woor
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Going concern

The company does not trade, and therefore has no day to day working capital requirements.

For this reason the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Consolidation

The financial statements contain information about RRD GDS Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, RR Donnelley & Sons Company, a company registered in the state of Delaware, United States of America.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (revised) 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company publishes a consolidated cash flow statement.

Investments

Fixed asset investments are shown at cost less any provision for impairment.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies at no cost.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors, who were the only employees of the company in the year, did not receive any remuneration (2012 - £nil). The directors are executives of RR Donnelley Global Document Solutions Group Limited, as well as being directors of other group undertakings. Their total emoluments are disclosed in the accounts of RR Donnelley Global Document Solutions Group Limited. It is not possible to allocate those emoluments between their services as executives of RR Donnelley Global Document Solutions Group Limited and their services as directors of other group undertakings, including RRD GDS Limited.

3. INCOME FROM FIXED ASSET INVESTMENTS

	2013 £'000	2012 £'000
Dividend from subsidiary company		
Office Tiger B V	1,937	-

4. OPERATING PROFIT

Auditor's remuneration of £14,000 (2012 - £14,000) for the audit of the company's annual accounts has been borne by another group company.

5. FINANCE CHARGES (NET)

	2013 £'000	2012 £'000
Interest receivable from related parties	53	180

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2013	2012
	£'000	£'000
Current tax		
United Kingdom corporation tax	-	-
The standard rate of tax for the year, based on the UK standard rate of corporation tax is 23 25% (2012 - 24 5%) The actual tax (credit)/charge for the current and previous years differs from 23 25% (2012 - 24 5%) for the reasons set out in the following reconciliation		
	2013	2012
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(13,675)	180
Tax on (loss)/profit on ordinary activities at standard rate	(3,179)	44
Factors affecting c for the year		
Losses brought forward utilised	(12)	(44)
Income not taxable	(451)	-
Expenses not deductible	3,642	-
Current tax charge for year	-	-

A deferred tax asset amounting to £2,386,000 (2012 - £2,398,000) in respect of non-trading losses carried forward has not been recognised because in the opinion of the directors there will be no suitable taxable gains available in the foreseeable future

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% from 1 April 2015, was substantively enacted on 2 July 2013 These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date

7. DIVIDENDS ON EQUITY SHARES

	2013	2012
	£'000	£'000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 31 December 2013 of £0 0547 per ordinary share	7,385	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

8. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary undertakings £'000	Shares in associate undertakings £'000	Total investments £'000
Cost			
At 1 January 2013 and 31 December 2013	395,462	21,665	417,127
Provision for impairment			
At 1 January 2013	279,220	-	279,220
Written off	-	15,665	15,665
At 31 December 2013	279,220	15,665	294,885
Net book value			
At 31 December 2013	116,242	6,000	122,242
At 31 December 2012	116,242	21,665	137,907

Undertakings in which the Company holds more than 20% of the nominal value of any class of share capital at 31 December 2013 are listed below

Company name	Principal activity	Country of incorporation	%
Office Tiger BV	Investment holding company	Netherlands	100
RR Donnelley Global Document Solutions Group Limited	Business process outsourcing	England & Wales	40 67

The aggregate of the capital and reserves of Office Tiger BV at 31 December 2013 is £5,606,000 and the group made a profit for the year of £27,631,000

9. DEBTORS

	2013 £'000	2012 £'000
Amounts owed by related parties due in less than one year	-	3,957

10. CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
Called up, allotted and fully paid		
135,000,000 (2012 - 150,000,000) ordinary shares of £1 each	135,000	150,000

On 21 February 2013 the company reduced its ordinary share capital by 15,000,000 ordinary shares

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

11. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Called-up share capital £'000	Profit and loss account £'000	2013 Total £'000	2012 Total £'000
At 1 January 2013	150,000	(6,698)	143,302	143,122
(Loss)/profit for the financial year	-	(13,675)	(13,675)	180
Capital reduction (Note 10)	(15,000)	15,000	-	-
Dividend paid (Note 7)	-	(7,385)	(7,385)	-
At 31 December 2013	<u>135,000</u>	<u>(12,758)</u>	<u>122,242</u>	<u>143,302</u>

12. SUBSEQUENT EVENTS

On 31 January 2014 the company sold its investment in RR Donnelley Global Document Solutions Group Limited to RR Donnelley Holdings B V , a company registered in the Netherlands, for a consideration of £6,000,000

The investment comprises 40,670 Ordinary shares of £1 each and represents 40.67% of the issued share capital of RR Donnelley Global Document Solutions Group Limited

13. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the company has undertaken transactions with its fellow group companies. These transactions are exempt from disclosure under Financial Reporting Standard 8 because consolidated financial statements of RR Donnelley & Sons Company are publicly available.

14. PARENT COMPANY

The company's immediate parent undertaking is RRD Dutch Holdco Inc, a company registered in the state of Delaware in the United States of America. The smallest and largest group in which the results of the company for the period ended 31 December 2013 are consolidated is that headed by RR Donnelley & Sons Company.

The company's ultimate parent company and ultimate controlling party is RR Donnelley & Sons Company, a company incorporated in the state of Delaware in the United States of America. Copies of the group financial statements of RR Donnelley & Sons Company including this company may be obtained from Investor Relations, 111 South Wacker Drive, Chicago, IL 60606-4301.