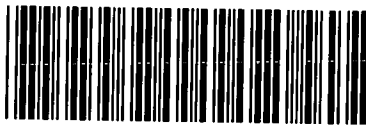


**RRD GDS LIMITED**

**Annual Report and Financial Statements**

**31 December 2018**

**TUESDAY**



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11/06/2019  
COMPANIES HOUSE

**ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2018**

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# **RRD GDS LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2018**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J S Farmer  
K T Woor

#### **COMPANY SECRETARY**

J Dally

#### **REGISTERED OFFICE**

Tower Close  
Huntingdon  
Cambridgeshire  
PE29 7YD

#### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
Cambridge  
United Kingdom

## **STRATEGIC REPORT**

The directors, in preparing this strategic report, have complied with Section 414C of the Companies Act 2006. The directors present this strategic report and audited financial statements for the year ended 31 December 2018.

### **Business review and future developments**

RRD GDS Limited is a private company incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006, and limited by shares.

The company does not trade. The principal activity of the company is the holding of a loan receivable with its parent company.

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.

### **Principal risks and uncertainties**

As a non-trading company with a loan receivable and no liabilities or commitments the directors do not consider that the company faces any significant risks or uncertainties in its day to day operation. There is a potential risk relating to the recoverability of the loan with the parent company, however the directors do not perceive any indications of impairment at the date of this report.

The company is monitoring Brexit negotiations, and does not consider that any of the potential outcomes will have a significant effect on the company's business.

Approved by the Board of Directors on 15 April 2019 and signed on its behalf by



K T Woor  
Director  
Tower Close  
Huntingdon  
Cambridgeshire  
PE29 7YD

## **DIRECTORS' REPORT**

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

### **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.

Details of the company's current and intended future activities, and the principal risks and uncertainties that it faces, are given in the Strategic Report on page 2 and form part of this report by cross-reference.

### **Dividends**

The directors do not recommend the payment of a dividend for the year ended 31 December 2018 (2017 - £nil).

### **Directors**

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

J S Farmer  
K T Woor

### **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), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**DIRECTORS' REPORT (continued)**

**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 appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors on 15 April 2019 and signed on its behalf by



K T Woor

Director

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

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of RRD GDS Limited ('the company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement in the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

### **Report on the audit of the financial statements (continued)**

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRCs website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.



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

### **Use of our report**

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.



Paul Schofield FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Cambridge, United Kingdom  
15 April 2019

## RRD GDS LIMITED

### PROFIT AND LOSS ACCOUNT Year ended 31 December 2018

		2018 £'000	2017 £'000
	Note		
Interest receivable from related parties	3	302	258
<b>PROFIT BEFORE TAXATION</b>	4	302	258
Tax on profit	6	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		302	258

All activities derive from continuing operations.

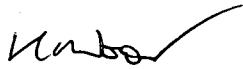
All comprehensive income and expenses are included in the profit and loss account, accordingly no separate statement of comprehensive income is presented.

# RRD GDS LIMITED

## BALANCE SHEET As at 31 December 2018

		2018 £'000	2017 £'000
	Note		
<b>CURRENT ASSETS</b>			
Debtors due in less than one year	7	11,344	11,042
<b>NET CURRENT ASSETS</b>		11,344	11,042
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS</b>		11,344	11,042
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	10,283	10,283
Profit and loss account	8	1,061	759
<b>SHAREHOLDERS' FUNDS</b>		11,344	11,042

The financial statements of RRD GDS Limited, registered number 05424810, were approved by the Board of Directors on 15 April 2019 and signed on its behalf by:



K T Woor  
Director

**RRD GDS LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2018**

	<b>Called-up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 31 December 2016</b>	10,283	501	10,784
Profit for the financial year	-	258	258
<b>At 31 December 2017</b>	10,283	759	11,042
Profit for the financial year	-	302	302
<b>At 31 December 2018</b>	10,283	1,061	11,344

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2018**

**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

**a. General information and basis of accounting**

RRD GDS Limited is a private company incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales and limited by shares. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of RRD GDS Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

RRD GDS Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available in respect of intra-group transactions, cash flow statement, financial instruments, and remuneration of key management personnel.

The company is consolidated into the accounts of its parent company RR Donnelley UK Limited, which can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

**b. 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.

**c. Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to another unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**1 ACCOUNTING POLICIES (continued)**

**c. Financial instruments (continued)**

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

**d. 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.

**e. Loans**

Loans to related parties are classified as receivable within one year and are measured at the undiscounted amount of the cash or other consideration expected to be received, net of any impairment.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, which are described in note 1, 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 and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the company's accounting policies**

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Loans**

Judgement is required in assessing the recoverability of the loan with the parent company, and the directors monitor that company's net current assets. The directors do not perceive any indications of impairment at the date of this report.

**Key sources of estimation uncertainty**

There are no key sources of estimation uncertainty arising in the preparation of the company's financial statements.

**3. INTEREST RECEIVABLE**

	2018 £'000	2017 £'000
Revenue disclosed in the profit and loss account is analysed as follows:		
Interest receivable	<u>302</u>	<u>258</u>

**4. PROFIT BEFORE TAXATION**

Auditor's remuneration of £14,000 (2017 - £14,000) for the audit of the company's annual accounts has been borne by another group company.

There were no fees paid to the auditor for other services during the year (2017 - £nil).

**5. DIRECTORS' REMUNERATION AND TRANSACTIONS**

The directors, who were the only employees of the company in the year, did not receive any remuneration (2017 - £nil). The directors are executives of RR Donnelley UK Limited, as well as being directors of other group undertakings. Their total emoluments are disclosed in the accounts of RR Donnelley UK Limited. It is not possible to allocate those emoluments between their services as executives of RR Donnelley UK Limited and their services as directors of other group undertakings, including RRD GDS Limited. The directors did not provide any qualifying services to the company during the year (2017 - £nil).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**6. TAX ON PROFIT**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
United Kingdom corporation tax	-	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2017 - 19.25%). The actual tax charge for the current and previous years differs from 19% (2017 - 19.25%) for the reasons set out in the following reconciliation.

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Profit before tax	302	258
Tax on profit on ordinary activities at the standard rate in the UK of 19% (2017 - 19.25%)	57	50
Factors affecting charge for the year:		
Losses brought forward utilised	(57)	(50)
Total tax charge for year	-	-

A deferred tax asset amounting to £764,000 (2017 - £815,000) 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.

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 18% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

A reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% (to be effective from 1 April 2020). Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods subject to this reduced rate. This rate change is to be included in the Finance Bill 2016 but this has not been substantively enacted at the balance sheet date.

**7. DEBTORS**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by parent company due in less than one year	11,344	11,042

Loans to the parent company bear interest at 2% above LIBOR and are repayable on demand.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**8. CALLED UP SHARE CAPITAL AND RESERVES**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Called up, allotted and fully paid</b>		
10,283,010 ordinary shares of £1 each	10,283	10,283

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserve is as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

**9. RELATED PARTY TRANSACTIONS**

As 100% of the share capital of the company is indirectly owned by a group whose consolidated financial statements are publicly available, it is not required to disclose transactions with other group undertakings that would otherwise be required under FRS 102 Section 33.

**10. CONTROLLING PARTY**

The company's immediate parent undertaking and parent of the smallest group for which consolidated financial statements are prepared and of which the company is a member is RR Donnelley UK Limited, a company registered in England and Wales, whose registered office is situated at Tower Close, Huntingdon, Cambridgeshire, PE29 7YD. Copies of the consolidated financial statements of RR Donnelley UK Limited may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate parent undertaking, ultimate controlling party and parent of the largest group for which consolidated financial statements are prepared and of which the company is a member is RR Donnelley & Sons Company, a company registered in the state of Delaware, USA, whose principal office is situated at 35 West Wacker Drive, Chicago, IL 60601 USA. Copies of the consolidated financial statements of RR Donnelley & Sons Company are available from this address.