

**RR DONNELLEY GLOBAL DOCUMENT
SOLUTIONS GROUP LIMITED**

**Annual report and financial statements
for the year ended 31 December 2015**

Registered number: 6711794

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RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2015

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RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2015

OFFICERS AND PROFESSIONAL ADVISORS

Directors

J S Farmer
M S Gordon
K T Woor

Secretary

J Dally

Registered office

Tower Close
Huntingdon
Cambridgeshire PE29 7YD

Bankers

National Westminster Bank PLC
92 High Street
Huntingdon
Cambridgeshire PE18 6DT

Solicitors

Eversheds
Kett House
Station Road
Cambridge CB1 2JY

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

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 the audited financial statements for the year ended 31 December 2015.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to RR Donnelley Global Document Solutions Group Limited and its subsidiaries when viewed as a whole.

Business review and future prospects

RR Donnelley Global Document Solutions Group Limited is a company registered in England and Wales under the Companies Act, and limited by shares. The principal activities of the Group and Company are the provision of document and business process outsourcing services. The directors are not aware at the date of this report of any likely major changes in the Group's or Company's activities in the next year.

The Group has subsidiary undertakings that exist outside of the United Kingdom.

Key performance indicators

As shown in the consolidated profit and loss account on page 10, the Group's sales have shown an increase of 3.0% (2014 - decrease 9.2%) over the prior year. Of this increase £1.9m results from the acquisition of Critical Mail Continuity Services Limited, and £4.6m is the net impact of new contracts won during the year, plus the full value of contracts won in 2014 less contracts not renewed in 2015. Group operating profit before goodwill amortisation and exceptional items (Note 7) increased by 201.7% (2014 - decrease 55.1%) from £3.4m to £10.4m, primarily driven by the impact on gross profit of the increase in turnover and cost reductions in selling and distribution. The Group operating profit for the year was £4.9m (2014 - loss £0.9m). Retained profit transferred to reserves was £3.0m (2014 - loss £1.4m).

The consolidated balance sheet on page 12 of the financial statements shows the Group's financial position at the year-end. During the year the Group's average debtor days have reduced from 55 to 54, average creditor days have decreased from 62 to 61, and annual stock turnover has decreased from 67 to 61 times.

The average monthly number of persons employed by the Group has increased by 3.6% (2014 - decrease 12.1%) during the year. Employee numbers vary as contracts are won or expire.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are as follows:

Due to the rapid pace of technological innovation and change, there is a risk that the systems used by the Group to satisfy the demands of its customers could be superseded earlier than originally anticipated. The Group manages this risk through continued investment in new technology so as to provide enhanced and uninterrupted services to its customers.

The Group processes personal and sensitive data on behalf of its customers. Any loss, or breach of confidentiality of this data could result in financial loss to the Group, and damage to its reputation. The Group manages this risk through continued investment in IT systems and security, and the monitoring and control of the use of client data.

A considerable proportion of the Group's revenue is derived from a comparatively small number of customers. This poses the risk that the loss of one or more of these customers could have a material effect on the Group's sales and profitability. In the current year the Group's top five customers accounted for 40% (2014 - 43%) of turnover. The Group maintains close commercial relationships with key customers, and continually monitors and seeks to enhance the services that it provides.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

The Group considers employees to be a key resource. There is a risk in not retaining and motivating the best people. The Group has training development and performance management and reward programmes to retain and motivate its employees.

Approved by the Board of Directors on 8 April 2016 and signed on its behalf by



K T Woor
Director
Tower Close
Huntingdon
Cambridgeshire
PE29 7YD

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 31 December 2015. These represent the application of FRS 102 for the first time.

Going concern

The directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, being a period of not less than twelve months from the signing of these financial statements. Thus they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Financial risk management

Treasury management including currency and interest rate hedging is undertaken as part of the overall risk management strategy of the RR Donnelley & Sons Company group. The Group's borrowings are predominantly with other group companies and there is currently no interest rate hedging, and no hedge accounting has been adopted.

The two main foreign currencies in which the Group transacts are Euros and Indian Rupees. The company has liabilities which are denominated in Euros. The company uses natural hedging by holding foreign currency assets to offset the foreign currency risk of these liabilities and associated interest. The directors consider this to be the Group's only material exposure to currency risk, but will continue to monitor the risk in the future.

Competitive pressure in the UK is a continuing risk for the Group. The Group manages this risk by providing added value services and by maintaining strong relationships with its customers.

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities. This risk is managed through day to day monitoring of future cash flow requirements to ensure that the Group has sufficient resources to repay all future amounts outstanding.

The Group is subject to credit risk arising from its trade debtors. In order to manage this risk, management regularly monitors all amounts that are owed to the Group and maintains close commercial relationships with key customers.

Research and development

The Company incurs development costs on the implementation of new contracts. These are capitalised as an intangible asset in the balance sheet and amortised on a straight line basis over the life of the contract to which they relate.

Dividends

The Company paid an interim dividend of 6.8576 pence per ordinary share for the year ended 31 December 2015 (2014 – 8p).

Directors

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

J S Farmer

M S Gordon

K T Woor

Charitable and political donations

Charitable donations amounting to £32,313 were made during the year to the following recipients:

1947 SQN £250, 6th Staines Scout Group £250, Acorns Children's Hospice £100, Age UK £100, Alzheimer's Society £500, Ashgate Hospice £250, Aylestone Park Residents' Group £250, Beatson Cancer Charity £100, Birtley Amateur Swimming Club £250, Blaby and Whetstone Football Club £250, Bowel Cancer UK £600, Breast Cancer Care £100, British Heart Foundation £100, Brooklands Dragons JFC £250, Business In The Community £10,598, Cancer Research UK £600, Charnwood Twenty Twenty £250, Claire House Children's Hospice £100, Cobalt £100, Community Football Club £200, Design Studio £6,197, Diabetes UK £250, Dogs Trust £100, Down's and Proud £100, Droitwich Spa Boys' and Girls' FC £250, Ehlers Danlos Support UK £100, Epilepsy Research UK £100, Gloucester City Ladies' Hockey Club £100, Heron Ranger Guide Unit £500, Hill House Leonard Cheshire £371, I CAN £1,100, Laura Lyn £200, Lee Valley Paddlesport Club £250, MacMillan Cancer Support £300, Mind £100, Multiple Sclerosis Society £100, National Literacy Trust £50, Northborough Community Association £250,

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT

Charitable and political donations (continued)

Northbound Community Association £250, Oadby Owls FC £250, Pegasus 81 FC £250, Pennies From Heaven £575, Peterborough Sea Cadets £500, Pold Crytians RFC £250, Queensgate FC £250, Red Hill Field Primary £272, SaintFrancis Hospice £200, SPER Cancer Research UK £250, Saint Cuthbert's Hospice £250, Sussex Community Foundation (Shoreham) £100, The Donkey Sanctuary £100, The James Hopkins Trust £100, The Queen Alexandra Hospital Home £250, The Riverside Animal Centre £250, The Royal Voluntary Service £500, The Salvation Army £100, Tommy's £200, TY Hayfn £100, Walking with the Wounded £100, Wallace Kennels £500, Washington AFC £250, Westbourne Primary Parents' Association £250, Wooden Spoon £500, and Woodlands Hospice Charitable Trust £100.

(In 2014 donations amounting to £18,972 were made during the year to the following recipients: 6th Staines Scout Group £250; Anthony Nolan £100; Barnwood Primary School £110; Beatson Cancer Unit £100; Brain Tumour UK £50; Cancer Research UK £700; Claire House Children's Hospice £200; Downs & Proud £100; EVA Organisation for Women £400; Gloucestershire Wildlife Trust £100; Help for Heroes £100; I CAN £11,552; Kama's Cave Greyhound Sanctuary £100; Lee Valley Paddlesport Club £250; Northborough Community Association £250; Oadby Owls FC £250; Pennies From Heaven £510; Peterborough Sea Cadets £250; Rethink Mental Illness £100; Ruardean Youth Club £250; Scoo-B-Doo Society £250; St. Cuthbert's Charity £500; Thames Valley and Chiltern Air Ambulance £750; The Ashbourne Animal Welfare £250; The Queen Alexandra Hospital Home £250; Tree of Hope £500; Wooden Spoon £250; and Yorkhill Children's Charity £500).

There were no political donations (2014 - £nil).

Payments to suppliers

The Group does not operate a standard code in respect of payment to suppliers. Operating companies must agree terms and conditions of business with their suppliers, including payment terms, taking account of any applicable legal requirements. The Group's payment policy is for the suppliers to be paid in accordance with these terms. The Company's payment policy is to pay suppliers according to the terms that have been negotiated with them.

Employee involvement

The Group has a policy of providing employees with information through its 'insideRRD' intranet site. In addition, regular meetings are held between management and employees to allow a free flow of information and ideas. Senior employees participate directly in the success of the business through the Group's bonus scheme.

Employment of disabled persons

The Group's policy regarding the employment of disabled persons is that full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

Environmental policy

The Group ensures that, in satisfying its customers' requirements, both the goods and services supplied and its own housekeeping comply with legislation and best practice. It will continually review its environmental performance across the range of its activities.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT

Auditor

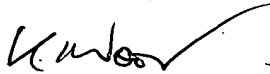
In the case of each of the persons who are directors of the company at the date when this report is approved:

- 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 8 April 2016 and signed on its behalf by



K T Woor
Director
Tower Close
Huntingdon
Cambridgeshire
PE29 7YD

DIRECTORS' RESPONSIBILITIES STATEMENT

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 group and company and of the profit or loss of the group 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 group 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

We have audited the group and individual company financial statements (the "financial statements") of RR Donnelley Global Document Solutions Group Limited for the year ended 31 December 2015 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, and the related notes 1 to 33. 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), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland".

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 auditor

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 group's and the parent 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 Group's and of the parent company's affairs as at 31 December 2015 and of the Group's profit 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 Strategic Report and 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
RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Paul Schofield FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor

Cambridge, United Kingdom

8 April 2016

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2015

	Note	Before goodwill amortisation and exceptional items 2015 £'000	Goodwill amortisation and exceptional items Note 7 2015 £'000	Total 2015 £'000	Before goodwill amortisation and exceptional items * 2014 £'000	Goodwill amortisation and exceptional items * Note 7 2014 £'000	Total 2014 £'000
Turnover	3	221,531	-	221,531	215,058	-	215,058
Cost of sales		(190,139)	-	(190,139)	(188,756)	-	(188,756)
Gross profit		31,392	-	31,392	26,302	-	26,302
Selling and distribution costs		(1,976)	-	(1,976)	(3,317)	-	(3,317)
Administrative expenses		(19,055)	(5,489)	(24,544)	(19,551)	(4,336)	(23,887)
Operating profit/(loss)		10,361	(5,489)	4,872	3,434	(4,336)	(902)
Share of results of associated undertakings	16	2,111	-	2,111	1,526	-	1,526
Amount written off acquisitions		-	(574)	(574)	-	-	-
Interest payable to group companies	5	(36)	-	(36)	(328)	-	(328)
Other finance costs	5	(77)	-	(77)	-	-	-
Investment income	5	148	-	148	164	-	164
Profit on ordinary activities before taxation	6	12,507	(6,063)	6,444	4,796	(4,336)	460
Tax on profit on ordinary activities	10	(3,810)	219	(3,591)	(2,145)	156	(1,989)
Profit/(loss) on ordinary activities after taxation		8,697	(5,844)	2,853	2,651	(4,180)	(1,529)
Loss attributable to non-controlling interest		117	-	117	173	-	173
Profit/(loss) for the financial year		8,814	(5,844)	2,970	2,824	(4,180)	(1,356)

All activities derive from continuing operations.

* The prior year tax charge has been restated to split out the tax charge relating to exceptional costs. The total tax charge for the year is not restated.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Profit/(loss) for the financial year		<u>2,853</u>	<u>(1,529)</u>
Currency translation difference on foreign currency net investments		179	(39)
Actuarial loss relating to pension scheme liabilities	29	(919)	(1,901)
Exchange (loss)/gain relating to the pension scheme	29	(211)	166
Tax relating to components of other comprehensive income	10	<u>223</u>	<u>365</u>
Other comprehensive income		<u>(728)</u>	<u>(1,409)</u>
Total comprehensive gains/(losses) relating to the year		<u><u>2,125</u></u>	<u><u>(2,938)</u></u>
Profit for the financial year attributable to:			
Non-controlling interest		(117)	(173)
Equity shareholders of the Company		<u>2,970</u>	<u>(1,356)</u>
		<u><u>2,853</u></u>	<u><u>(1,529)</u></u>
Total comprehensive income for the financial year attributable to:			
Non-controlling interest		-	-
Equity shareholders of the Company		<u>(728)</u>	<u>(1,409)</u>
		<u><u>(728)</u></u>	<u><u>(1,409)</u></u>

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

CONSOLIDATED BALANCE SHEET

31 December 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	14	44,850	40,477
Tangible assets	15	16,063	16,482
Investment in Associates	16	5,024	4,269
		<u>65,937</u>	<u>61,228</u>
Current assets			
Stocks	18	3,102	2,798
Debtors due within one year	19	44,674	45,545
Debtors due after more than one year	19	236	160
Deferred tax due after more than one year	20	3,781	3,230
Cash at bank and in hand		29,144	24,920
		<u>80,937</u>	<u>76,653</u>
Creditors: amounts falling due within one year	21	<u>(59,172)</u>	<u>(55,979)</u>
Net current assets		<u>21,765</u>	<u>20,674</u>
Total assets less current liabilities		<u>87,702</u>	<u>81,902</u>
Creditors: amounts falling due after more than one year	22	<u>(1,582)</u>	<u>(5,473)</u>
Provisions for liabilities	24	<u>(4,933)</u>	<u>(4,365)</u>
Net assets		<u>81,187</u>	<u>72,064</u>
Capital and reserves			
Called up share capital	25	60,283	50,000
Currency translation reserve	25	297	329
Profit and loss account	25	20,607	22,343
Shareholders' funds		<u>81,187</u>	<u>72,672</u>
Non-controlling interest	26	<u>-</u>	<u>(608)</u>
Total capital employed		<u>81,187</u>	<u>72,064</u>

The financial statements of RR Donnelley Global Document Solutions Group Limited, registered number 6711794, were approved by the board of directors and authorised for issue on 8 April 2016, and signed on its behalf by:



K T Woor
Director

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

COMPANY BALANCE SHEET 31 December 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	14	32,148	35,249
Tangible assets	15	10,427	10,946
Investments	16	43,088	20,184
		<u>85,663</u>	<u>66,379</u>
Current assets			
Stocks	18	2,812	2,125
Debtors due within one year	19	36,683	35,482
Debtors due after more than one year	19	5	5
Deferred tax due after more than one year	20	3,124	2,865
Cash at bank and in hand		20,908	22,170
		<u>63,532</u>	<u>62,647</u>
Creditors: amounts falling due within one year	21	<u>(54,416)</u>	<u>(51,808)</u>
Net current assets		<u>9,116</u>	<u>10,839</u>
Total assets less current liabilities		<u>94,779</u>	<u>77,218</u>
Creditors: amounts falling due after more than one year	22	<u>(11,986)</u>	<u>(4,434)</u>
Provisions for liabilities	24	<u>(602)</u>	<u>(1,108)</u>
Net assets		<u>82,191</u>	<u>71,676</u>
Capital and reserves			
Called up share capital	25	60,283	50,000
Profit and loss account	25	21,908	21,676
Shareholders' funds		<u>82,191</u>	<u>71,676</u>

The financial statements of RR Donnelley Global Document Solutions Group Limited, registered number 6711794, were approved by the board of directors and authorised for issue on 8 April 2016, and signed on its behalf by:



K T Woor
Director

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 31 December 2015

	Equity attributable to equity shareholders of the Company					Non-controlling interest	Total
	Called-up share capital £'000	Share premium account £'000	Currency translation reserve £'000	Profit and loss account £'000	Total £'000	£'000	£'000
At 31 December 2013 as previously stated	100	53,170	202	(29,037)	24,435	(435)	24,000
Changes on transition to FRS 102 (see note 33)	-	-	-	-	-	-	-
At 1 January 2014 as restated	100	53,170	202	(29,037)	24,435	(435)	24,000
Loss for the financial year	-	-	-	(1,356)	(1,356)	(173)	(1,529)
Currency translation difference on foreign currency net investments	-	-	(39)	-	(39)	-	(39)
Remeasurement of net defined benefit liability	-	-	166	(1,901)	(1,735)	-	(1,735)
Tax relating to items of other comprehensive income	-	-	-	365	365	-	365
Total comprehensive income	100	53,170	329	(31,929)	21,670	(608)	21,062
Issue of share capital	54,852	-	-	-	54,852	-	54,852
Share premium account converted to shares	53,170	(53,170)	-	-	-	-	-
Shares cancelled	(58,122)	-	-	58,122	-	-	-
Dividends paid on equity shares (Note 12)	-	-	-	(4,000)	(4,000)	-	(4,000)
Credit to equity for equity settled share-based payment	-	-	-	150	150	-	150
At 31 December 2014	50,000	-	329	22,343	72,672	(608)	72,064
Profit for the financial year	-	-	-	2,970	2,970	(117)	2,853
Acquisition of non-controlling interest	-	-	-	-	-	725	725
Currency translation difference on foreign currency net investments	-	-	179	-	179	-	179
Remeasurement of net defined benefit liability	-	-	(211)	(919)	(1,130)	-	(1,130)
Tax relating to items of other comprehensive income	-	-	-	223	223	-	223
Total comprehensive income	50,000	-	297	24,617	74,914	-	74,914
Issue of share capital (Note 25)	10,283	-	-	-	10,283	-	10,283
Dividends paid on equity shares (Note 12)	-	-	-	(4,134)	(4,134)	-	(4,134)
Credit to equity for equity settled share-based payment	-	-	-	124	124	-	124
At 31 December 2015	60,283	-	297	20,607	81,187	-	81,187

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

31 December 2015

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 31 December 2013 as previously stated	100	53,170	(34,568)	18,702
Changes on transition to FRS 102 (see note 33)	-	-	-	-
At 1 January 2014 as restated	100	53,170	(34,568)	18,702
Profit for the financial year	-	-	2,909	2,909
Remeasurement of net defined benefit liability	-	-	(937)	(937)
Tax relating to items of other comprehensive income	-	-	-	-
Total comprehensive income	100	53,170	(32,596)	20,674
Issue of share capital	54,852	-	-	54,852
Share premium account converted to shares	53,170	(53,170)	-	-
Shares cancelled	(58,122)	-	58,122	-
Dividends paid on equity shares (Note 12)	-	-	(4,000)	(4,000)
Credit to equity for equity settled share-based payment	-	-	150	150
At 31 December 2014	50,000	-	21,676	71,676
Profit for the financial year	-	-	4,938	4,938
Remeasurement of net defined benefit liability	-	-	(874)	(874)
Tax relating to items of other comprehensive income	-	-	178	178
Total comprehensive income	50,000	-	25,918	75,918
Issue of share capital (Note 25)	10,283	-	-	10,283
Dividends paid on equity shares (Note 12)	-	-	(4,134)	(4,134)
Credit to equity for equity settled share-based payment	-	-	124	124
At 31 December 2015	60,283	-	21,908	82,191

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT 31 December 2015

	Notes	2015 £	2014 £
Net cash flows from operating activities	27	13,122	10,284
Cash flows from investing activities			
Proceeds from sale of equipment		134	134
Purchase of equipment		(5,680)	(4,011)
Interest received		73	61
Dividends received from associates		434	3,999
Acquisition of investment in associate		(8,559)	(112)
Net cash flows from investing activities		(13,598)	71
Cash flows from financing activities			
Dividends paid		(4,134)	(4,000)
Repayment of borrowings		(1,039)	(7,418)
Interest paid		(113)	(835)
Proceeds on issue of shares		10,283	-
Net cash flows from financing activities		4,997	(12,253)
Net increase/(decrease) in cash and cash equivalents		4,521	(1,898)
Cash and cash equivalents at beginning of year		24,920	26,501
Effect of foreign exchange rate changes		(297)	317
Cash and cash equivalents at end of year		29,144	24,920
Reconciliation to cash at bank and in hand			
Cash at bank and in hand		29,144	24,920
Cash and cash equivalents		29,144	24,920

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

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

RR Donnelley Global Document Solutions Group Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Group'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 prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 33.

The functional currency of RR Donnelley Global Document Solutions Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

RR Donnelley Global Document Solutions Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to share-based payments and intra-group transactions.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of RRD Donnelley Global Document Solutions Group Limited and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition. More information can be found in note 33 to these financial statements.

c. Going concern

The directors have considered the financing requirements of the Company and Group for a period of at least twelve months from the date of approval of these financial statements. Forecasts are based on expected future trading performance and working capital requirements with particular attention being paid to the forecast revenue levels, forecast operating expenses and the forecast cash flows. These are all key to the on-going ability of the Company and Group to continue trading under normal circumstances. Based on this assessment the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for at least that period. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d. Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised over the directors' estimate of its useful economic life up to a maximum of 20 years. However, the directors consider 10 years as a reasonable maximum for the estimated life of goodwill on new acquisitions. Existing goodwill has less than 10 years life remaining at current amortisation rates.

e. Intangible assets – development costs

The company incurs development costs on the implementation of new contracts. These are capitalised as an intangible asset in the balance sheet and amortised on a straight line basis over the life of the contract to which they relate. When all costs for a contract are fully amortised they are removed from intangible assets as a disposal.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

1 ACCOUNTING POLICIES (continued)

f. Acquisitions

On the acquisition of a business provisional fair values are attributed to the Group's share of net separable assets. These are reviewed in the year following the year of acquisition and adjustments are made as necessary. Where the cost of acquisition differs from the fair values attributable to such net assets, the difference is treated as either positive or negative goodwill and capitalised in the balance sheet in the year of acquisition. The results relating to a business are included in the consolidated profit and loss account from the date of acquisition.

g. Non-controlling interest

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling party's share of changes in equity since the date of the combination. Losses applicable to the minority shareholders in excess of the minority shareholders' interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority shareholders have a binding obligation and are able to make an additional investment to cover the losses.

The non-controlling interest in the capital and post acquisition profits of RR Donnelley Communication Solutions (France) SAS (formerly RR Donnelley Imprimerie Nationale SAS) are shown in the consolidated profit and loss account, the consolidated balance sheet, and note 26 to the financial statements.

h. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Short leasehold land and buildings	Over the lease term
Plant and machinery	Over 5 to 15 years
Office equipment	Over 3 to 10 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and condition expected at the end of its useful life.

i. Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

j. Associates

In the Group financial statements investments in associates are accounted for using the equity method. Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

In the Company financial statements investments in associates are accounted for at cost less impairment.

k. Capital instruments

Capital instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Arrangement fees and associated costs of setting up debt facilities that have not yet been utilised are netted against the loan in the balance sheet, and are charged to the profit and loss account based on the balance of the loan, over the period of the relevant debt facility.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

1 ACCOUNTING POLICIES (continued)

l. Stocks

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

m. 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 Group'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 recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

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.

n. Turnover

The Group recognises turnover as principal when it is exposed to all significant benefits and risks associated with the selling price; assumption of credit risk; performance of part of the services or modification to goods supplied and discretion in supplier selection.

The Group recognises turnover for the majority of its products upon shipment to the customer and the transfer of title and risk of loss. Contracts generally specify F.O.B. shipping point terms. Under agreements with certain customers, custom products may be stored by the Group for future delivery. In these situations, the Group receives a logistics and warehouse management fee for the services it provides. In certain of these cases, delivery and billing schedules are outlined in the customer agreement and product turnover is recognised when manufacturing is complete, title and risk of loss transfer to the customer and there is reasonable assurance as to collectability. Because the majority of products are customized, product returns are not significant; however, the Group accrues for the estimated amount of customer credits at the time of sale. Billings for third-party shipping and handling costs are included in net turnover and related costs are included in cost of sales.

Turnover from services is recognised as the services are delivered to the customers. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

o. Exceptional items

The Group presents separately, in the consolidated profit and loss account, certain material items which, due to their nature and expected infrequency, merit separate presentation to facilitate better understanding of the Group's financial performance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

p. Employee benefits

The Group operates four pension schemes, three in the United Kingdom and one in Switzerland. One has both a defined benefit element and a defined contribution element; two comprise a defined benefit element only; the other one comprises a defined contribution element only.

Regular contributions have been made to the defined benefit schemes by the Company since October 2002. In the current year regular contributions were made at the rate of £85,665 per month (2014 - £58,850 per month from 1 January to 31 March and £85,665 per month from 1 April to 31 December). An additional one-off payment of £414,174 was made during 2014 in accordance with the new schedule of contributions effective from January 2013. The difference between the amount funded and the actuarially calculated liability is treated as a provision in the balance sheet.

The other defined benefit only scheme was established on 1 February 2006. No contributions were made in either the current or prior years as the scheme was curtailed on 30 June 2010. The amount funded is in excess of the actuarially calculated liability and this surplus is not recognised in the Group's accounts.

The Group also operates a defined benefit pension plan in Switzerland, from which it received a net refund of contributions of £251,000 during the year (2014 – contributions paid £431,000).

For the defined benefit element of the combined schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on the assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. A resulting defined benefit liability, net of the related deferred tax, is presented separately on the face of the balance sheet. Defined benefit assets are not recognised in the Group's accounts.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

q. Provisions

Provision is made for future liabilities that relate to specific obligations that exist at the balance sheet date. Provisions are discounted where the time value of money is significant.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

1 ACCOUNTING POLICIES (continued)

r. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

s. Leases

The Group as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

t. Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

u. Share-based payment

RR Donnelley & Sons Company, the ultimate parent undertaking of the Group, issues equity-settled share-based payments to certain employees of the Group. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on RR Donnelley & Sons Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

No formal valuation model is used to value the awards. Fair value is determined as the market price of the shares at the date of grant, plus the net present value of expected future dividends. This is felt to be the most appropriate method of valuation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group'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 Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

a. Revenue recognition

Revenue relating to contract implementation costs is recovered in one of two ways, there may be explicitly determined revenues in the contract to cover these costs or the recovery may be built into the charge for goods and services provided during the term of the contract. Where the revenue is explicitly determined in the contract both the costs and revenue are expensed over the life of the contract to which they relate. Where the costs of implementation are recovered through the selling price this method relies on estimates of total expected contract revenues to ensure the implementation costs can be fully recovered. Implementation costs recovered through the selling price are also expensed over the life of the contract to which they relate, but to the extent that the recovery of costs of implementation are uncertain the costs are written off.

b. Business combinations

Upon acquisition of another entity the Group evaluates intangibles arising using methodologies recognised under FRS102 Section 19 Business Combinations and Goodwill. Judgement is required as to which intangibles meet the recognition criteria of separable, or non-separable intangible assets arising from contractual or other legal rights, where the fair value can be measured reliably. Intangibles arising are assessed for indicators of impairment annually. Additional information is included in notes 14 and 17.

Key source of estimation uncertainty

a. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £36,299,000 and no impairment loss was recognised during the year 2015.

b. Pensions

The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Additional information about the Group's pension schemes is given in Note 29.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3. ANALYSIS BY CLASS OF BUSINESS AND MARKETS

Classes of business

Turnover by the different classes of business represents the amounts receivable for goods and services and has been derived from the Group's principal activities. Analysis of turnover, operating profit and profit on ordinary activities before taxation and net assets by class of business have been provided in the table below.

	Transactional Print and Mail		Inbound Document Management		Design and Print Management		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover								
Total sales	101,183	103,468	52,602	44,209	75,403	75,274	229,188	222,951
Inter class sales	(5,050)	(5,027)	(1,833)	(2,020)	(774)	(846)	(7,657)	(7,893)
Sales to third parties	<u>96,133</u>	<u>98,441</u>	<u>50,769</u>	<u>42,189</u>	<u>74,629</u>	<u>74,428</u>	<u>221,531</u>	<u>215,058</u>
Exceptional items and goodwill	<u>(3,497)</u>	<u>(1,811)</u>	<u>(1,541)</u>	<u>(1,427)</u>	<u>(1,025)</u>	<u>(1,098)</u>	<u>(6,063)</u>	<u>(4,336)</u>
Operating profit/(loss)								
Class operating profit/(loss)	(1,541)	(2,487)	4,509	3,046	1,904	(1,461)	4,872	(902)
Amount written off acquisitions	(574)	-	-	-	-	-	(574)	-
Share of associate's operating profit	-	-	2,111	1,526	-	-	2,111	1,526
Profit/(loss) on ordinary activities before finance charges	<u>(2,115)</u>	<u>(2,487)</u>	<u>6,620</u>	<u>4,572</u>	<u>1,904</u>	<u>(1,461)</u>	<u>6,409</u>	<u>624</u>
Finance charges – net							35	(164)
Profit on ordinary activities before taxation							<u>6,444</u>	<u>460</u>
Net assets -excluding non - operating assets/(liabilities)	<u>69,622</u>	<u>65,165</u>	<u>16,361</u>	<u>17,264</u>	<u>15,478</u>	<u>17,582</u>	101,461	100,011
Non - operating liabilities							<u>(20,274)</u>	<u>(27,947)</u>
Net assets							<u>81,187</u>	<u>72,064</u>

Finance charges – net (Note 5) are common costs that are not allocated across classes as they relate principally to interest payable on loans from group companies.

Non-operating liabilities consist principally of loans from group companies, and the assets and liabilities of non-trading group companies.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3. ANALYSIS BY CLASS OF BUSINESS AND MARKETS (continued)

Geographical markets

Turnover by origin and by destination represents the amounts receivable for goods and services and has been derived from the Group's principal activities. The Group operates principally within the United Kingdom and Europe. Geographical analysis of turnover, operating profit and net assets by origin has been provided in the table below.

	United Kingdom		Rest of Europe		Rest of the world		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	177,520	167,355	44,011	47,703	-	-	221,531	215,058
Exceptional items and goodwill	(5,203)	(3,981)	(860)	(355)	-	-	(6,063)	(4,336)
Operating profit/(loss)								
Market operating profit/(loss)	6,018	(1,301)	(90)	445	(1,056)	(46)	4,872	(902)
Amount written off acquisitions	(574)	-	-	-	-	-	(574)	-
Share of associate's operating profit	-	-	-	-	2,111	1,526	2,111	1,526
Profit/(loss) on ordinary activities before finance charges	5,444	(1,301)	(90)	445	1,055	1,480	6,409	624
Finance charges – net							35	(164)
Profit on ordinary activities before taxation							6,444	460
Non-current assets:								
Goodwill	36,299	31,998	-	-	-	-	36,299	31,998
Other intangibles	8,551	8,479	-	-	-	-	8,551	8,479
Property, Plant and Equipment	10,703	10,945	5,360	5,537	-	-	16,063	16,482
Share of associate company	-	-	-	-	5,024	4,269	5,024	4,269
	55,553	51,422	5,360	5,537	5,024	4,269	65,937	61,228
Net assets excluding non - operating assets/(liabilities)	89,661	89,532	6,628	5,447	5,172	5,032	101,461	100,011
Non - operating liabilities							(20,274)	(27,947)
Net assets							81,187	72,064

Turnover by origin and by destination are not materially different.

Finance charges – net (Note 5) are common costs that are not allocated across markets as they relate principally to interest payable on loans from group companies. Non-operating liabilities consist principally of loans from group companies, and the assets and liabilities of non-trading group companies.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

4. REVENUE

Revenue disclosed in the consolidated profit and loss account is analysed as follows

	2015 £'000	2014 £'000
Sale of goods	134,239	140,605
Provision of services	87,292	74,453
Sales revenue	221,531	215,058
Investment income	148	164
Total revenue	221,679	215,222

5. FINANCE COSTS (NET)

	2015 £'000	2014 £'000
Interest payable to group companies	36	328
Other finance costs	77	-
Investment income	(148)	(164)
	(35)	164
Investment income		
Bank interest receivable	148	164
Other finance costs		
Unwinding of discounts on long-term liabilities	77	-

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting) :		
Amortisation of goodwill	4,409	3,612
Amortisation of development costs	3,757	3,897
Depreciation		
Owned assets	6,157	7,036
Operating lease rentals		
Plant and machinery	2,013	2,705
Land and buildings	2,945	3,114
Foreign exchange loss/(gain)	132	(49)
Cost of stock recognised as an expense	89,342	96,944
(Gain)/loss on disposal of fixed assets	(4)	14
	<u> </u>	<u> </u>

Amortisation of goodwill is included in administrative expenses.

Amortisation of development costs is included in cost of sales.

The analysis of auditor's remuneration is as follows:

Fees payable to the Company's auditor for the audit of the Company's annual accounts	245	250
Fees payable to the Company's auditor and their associates for other services to the Group		
- The audit of the Company's subsidiaries pursuant to legislation	84	92
	<u>329</u>	<u>342</u>

No services were provided pursuant to contingent fee arrangements.

7. GOODWILL AMORTISATION AND EXCEPTIONAL ITEMS

	2015 £'000	2014 £'000
Recognised in arriving at operating profit:		
Redundancy costs	913	544
Reorganisation costs	167	180
Amortisation of goodwill (Note 14)	4,409	3,612
Amount written off acquisitions	574	-
Total of goodwill and exceptional items	<u>6,063</u>	<u>4,336</u>

Redundancy and reorganisation costs result from the rationalisation of trading activities.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

8. STAFF NUMBERS AND COSTS

	Group		Company	
	2015	2014	2015	2014
	No	No	No	No
The average monthly number of persons employed (including directors) was				
Sales and marketing	52	54	11	16
Production and distribution	1,611	1,552	1,303	1,267
Administration	298	287	268	255
	<u>1,961</u>	<u>1,893</u>	<u>1,582</u>	<u>1,538</u>

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Their aggregate remuneration comprised:				
Wages and salaries	67,445	65,125	52,362	49,490
Social security costs	6,520	6,118	4,625	4,448
Other pension costs	3,784	3,011	2,769	2,208
Share based payments	124	150	124	150
Social security costs related to share based payments	14	15	14	15
	<u>77,887</u>	<u>74,419</u>	<u>59,894</u>	<u>56,311</u>

9. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2015	2014
	£	£
Directors' remuneration		
Emoluments	744,813	885,883
Money purchase pension contributions	41,967	32,377
	<u>786,780</u>	<u>918,260</u>

The amounts in respect of the highest paid director are as follows:

Emoluments	<u>432,318</u>	<u>515,402</u>
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Company contributions paid to money purchase pension schemes in respect of highest paid director

-	<u>6,201</u>
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Number of directors who:

	No	No
Are members of money purchase pension schemes.	3	3
Exercised options on shares in the ultimate parent company	1	1

No directors were members of defined benefit pension schemes in the current or previous years.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £'000	2014 £'000
Current tax		
United Kingdom corporation tax	2,807	825
Foreign tax for the current year	1,063	1,571
	<u>3,870</u>	<u>2,396</u>
Adjustment in respect of prior years		
UK corporation tax	(74)	(113)
Foreign tax	280	87
	<u>206</u>	<u>(26)</u>
Total current tax	<u>4,076</u>	<u>2,370</u>
Deferred tax		
Adjustment in respect of prior years	209	(125)
Timing differences, origination and reversal	(694)	(256)
	<u>(485)</u>	<u>(381)</u>
Total deferred tax (see note 20)	<u>(485)</u>	<u>(381)</u>
Total tax on profit on ordinary activities	<u>3,591</u>	<u>1,989</u>
 Total current and deferred tax relating to items of other comprehensive income	 (223)	 (365)
	<u>3,368</u>	<u>1,624</u>

The standard rate of tax applied to reported profit on ordinary activities is 20.25% (2014 – 21.5%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2015.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2015 £'000	2014 £'000
Group profit on ordinary activities before tax	<u>6,444</u>	<u>460</u>
Tax on Group profit on ordinary activities at standard rate of 20.25% (2014 – 21.5%)	1,305	99
Effects of:		
Expenses not deductible for tax purposes	304	376
Capital allowances in deficit of depreciation	1,073	302
Income not taxable in determining taxable profit	(132)	(253)
Difference in overseas tax rates	698	860
Amortisation and impairment of goodwill	893	777
Short term timing differences	(377)	-
Loss not recognised	106	235
Adjustments to tax charge in respect of previous periods	206	(26)
Current period deferred tax	(485)	(381)
Group total tax charge for the period	<u>3,591</u>	<u>1,989</u>

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted in July 2013 now standing at 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The closing deferred tax assets and liabilities have been calculated at 20% in accordance with the rates enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

10. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

In the Budget on 8 July 2015, the UK Government proposed, amongst other things, to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. These rate changes were substantively enacted in the Finance Bill 2015 on 26 October 2015 and existing temporary differences may therefore unwind in periods subject to these reduced rates.

11. PROFIT ATTRIBUTABLE TO THE COMPANY

The profit for the financial year dealt with in the financial statements of the parent Company was £4,938,000 (2014 - £2,909,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

12. DIVIDENDS ON EQUITY SHARES

	2015 £'000	2014 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2015 of 6.8576p (2014 - 8p) per ordinary share.	4,134	4,000

13. SHARE BASED PAYMENTS

The ultimate parent company has two share schemes for certain employees.

D) Equity-settled share awards

Once awards are granted, shares are issued to employees for free after the vesting period. The share awards issued prior to 2015 vest in four equal tranches after one, two, three and four years. Share awards issued on 2 March 2015 vest in full after three years. Of these share awards 2,823 are performance related, the final award being between 0% and 150% of the shares, based on performance metrics at 31 December 2017.

Awards are forfeited if the employee leaves the Group before the awards vest.

Details of the share awards during the year are as follows:

	2015		2014	
	Number of share grants	Weighted average share price £	Number of share grants	Weighted average share price £
Outstanding at beginning of year	34,625	8.96	38,875	8.65
Granted during the year	11,291	12.40	10,500	11.24
Vested during the year	(14,125)	9.26	(14,750)	9.74
Outstanding at the end of the year	31,791	10.05	34,625	8.96

Awards were granted on 2 March 2015. In the previous year awards were granted on 3 March 2014.

No formal valuation model is used to value the awards. The fair value of the awards is determined as the market price of the shares at the date of grant, plus the net present value of expected future dividends, and is expensed over the vesting period. This is felt to be the most appropriate method of valuation.

The estimated fair value of the awards granted by the Group and Company during the year was £166,000 (2014 - £143,000).

The Group and Company recognised total expenses of £136,000 (2014 - £161,000) related to equity-settled share awards during the year.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

13. SHARE BASED PAYMENTS (continued)

II) Equity-settled share options

Options are exercisable at a price equal to the estimated fair value of the parent company's shares at the date of grant. Options vest in four equal tranches after one, two, three and four years. Options are forfeited if the employee leaves the Group before the options vest. Unexercised options expire ten years after the date of grant.

Details of the share options during the year are as follows:

	2015		2014	
	Number of share grants	Weighted average share price £	Number of share grants	Weighted average share price £
Outstanding at beginning of year	10,500	8.35	12,000	8.35
Exercised during the year	(750)	8.35	(1,500)	8.35
Forfeit during the year	(3,000)	8.35	-	-
Outstanding at the end of the year	<u>6,750</u>	<u>8.35</u>	<u>10,500</u>	<u>8.35</u>

No awards were granted during the current or previous years.

No formal valuation model is used to value the awards. The fair value of the awards is determined as the market price of the shares at the date of grant, plus the net present value of expected future dividends, and is expensed over the vesting period. This is felt to be the most appropriate method of valuation.

The number of share options exercisable as at 31 December 2015 amounts to 6,750 (2014 – 10,500).

The estimated fair value of the awards granted by the Group and Company during the year was £nil (2014 - £nil).

The Group and Company recognised total expenses of £2,000 (2014 - £4,000) related to equity-settled share options during the year.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

14. INTANGIBLE FIXED ASSETS

Group	Development	Goodwill	
Cost	costs	arising on	Total
	£'000	acquisitions	£'000
		£'000	
At 1 January 2015	12,376	129,240	141,616
Additions	3,829	8,710	12,539
Disposals	(981)	-	(981)
At 31 December 2015	15,224	137,950	153,174
Amortisation			
At 1 January 2015	3,897	97,242	101,139
Amortisation for the year	3,757	4,409	8,166
Disposals	(981)	-	(981)
At 31 December 2015	6,673	101,651	108,324
Net book value			
At 31 December 2015	8,551	36,299	44,850
At 31 December 2014	8,479	31,998	40,477

Company	Development	Goodwill	
Cost	costs	arising on	Total
	£'000	acquisitions	£'000
		£'000	
At 1 January 2015	12,376	43,919	56,295
Additions	3,829	-	3,829
Disposals	(981)	-	(981)
At 31 December 2015	15,224	43,919	59,143
Amortisation			
At 1 January 2015	3,897	17,149	21,046
Amortisation for the year	3,757	3,173	6,930
Disposals	(981)	-	(981)
At 31 December 2015	6,673	20,322	26,995
Net book value			
At 31 December 2015	8,551	23,597	32,148
At 31 December 2014	8,479	26,770	35,249

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets Other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

14. INTANGIBLE FIXED ASSETS (continued)

Development costs are amortised on a straight line basis over the life of the contract to which they relate. Remaining net costs at the balance sheet date will be amortised as follows:

	Cost £'000
Length of contract over which the cost is expensed:	
1 year	1,865
2 years	1,787
3 years	464
4 years	777
5 years	540
6 years	3,118
	<u>8,551</u>

15. TANGIBLE FIXED ASSETS

Group	Short leasehold land and buildings £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2015	7,642	33,038	27,756	68,436
Additions	143	1,433	3,638	5,214
Acquisition of subsidiary undertakings	-	466	-	466
Disposals	(14)	(1,445)	(2,628)	(4,087)
Exchange movement	384	(38)	6	352
At 31 December 2015	<u>8,155</u>	<u>33,454</u>	<u>28,772</u>	<u>70,381</u>
Depreciation				
At 1 January 2015	3,933	24,456	23,565	51,954
Charge for the year	286	2,584	3,287	6,157
Disposals	(14)	(1,352)	(2,587)	(3,953)
Exchange movement	200	(24)	(16)	160
At 31 December 2015	<u>4,405</u>	<u>25,664</u>	<u>24,249</u>	<u>54,318</u>
Net book value				
At 31 December 2015	<u>3,750</u>	<u>7,790</u>	<u>4,523</u>	<u>16,063</u>
At 31 December 2014	<u>3,709</u>	<u>8,582</u>	<u>4,191</u>	<u>16,482</u>

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

15. TANGIBLE FIXED ASSETS (continued)

Company	Short leasehold land and buildings £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2015	1,407	19,924	18,504	39,835
Additions	143	1,336	3,209	4,688
Disposals	(14)	(881)	(2,204)	(3,099)
At 31 December 2015	1,536	20,379	19,509	41,424
Depreciation				
At 1 January 2015	1,104	14,048	13,737	28,889
Charge for the year	155	2,180	2,864	5,199
Disposals	(14)	(881)	(2,196)	(3,091)
At 31 December 2015	1,245	15,347	14,405	30,997
Net book value				
At 31 December 2015	291	5,032	5,104	10,427
At 31 December 2014	303	5,876	4,767	10,946

16. INVESTMENTS HELD AS FIXED ASSETS

Group	Shares in associate undertaking £'000
Share of net assets	
RR Donnelley India Outsource Private Limited	
At 1 January 2015	4,269
Share of associate's operating profit	2,111
Share of associate's interest receivable	75
Share of associate's tax on profit on ordinary activities	(1,010)
Dividend received from associate	(434)
Exchange movement	13
At 31 December 2015	5,024

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

16. INVESTMENTS HELD AS FIXED ASSETS (continued)

Company	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2015	96,204
Additions	23,448
At 31 December 2015	119,652
Provision for impairment	
At 1 January 2015	76,020
Written off	544
At 31 December 2015	76,564
Net book value	
At 31 December 2015	43,088
At 31 December 2014	20,184

Cost of investments for the Company represents cost of shares in group companies. Given below is a complete list of group companies, all of which are included in the consolidated financial statements.

Company name and registered office	Principal activity	Country of incorporation	Class of shares held	Holding
RRD GDS Holdings (Europe) Limited* Tower Close, Huntingdon, Cambridgeshire, PE29 7YD	Investment holding company	England & Wales	Ordinary	100%
RR Donnelley Document Solutions (Germany) GmbH* 1 Prinzenallee, Dusseldorf, Germany, 40549	Document management services	Germany	Common	100%
RR Donnelley Document Solutions (Ireland) Limited* Unit 6B, Westgate Business Park, Ballymount, Dublin 24, Ireland	Document management services	Republic of Ireland	Ordinary	100%
RRD BPO Holdings Limited* Tower Close, Huntingdon, Cambridgeshire, PE29 7YD	Investment holding company	England & Wales	Ordinary	100%
RR Donnelley Document Solutions Sp zoo* 56C Al Jerozolimskie, Warsaw, Poland	Outsourced processing	Poland	Common	100%
RR Donnelley Document Solutions (Switzerland) GmbH* In der Luberzen 17-19, Urdorf 8902, Switzerland	Document services	Switzerland	Partners' Capital	100%
RR Donnelley Document Solutions (Austria) GmbH Opernring Stiege r 3, Vienna 1, Austria	Document services	Austria	Partners' Capital	100%
D E I Group Limited* Tower Close, Huntingdon, Cambridgeshire, PE29 7YD	Investment holding company	England & Wales	Ordinary	100%
Data Entry Holdings Limited 13 Castle Street, St Helier, Jersey JE4 5UT	Investment holding company	Jersey	Ordinary	100%

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

16. INVESTMENTS HELD AS FIXED ASSETS (continued)

Company name and registered office	Principal activity	Country of incorporation	Class of shares held	Holding
Data Entry International Limited 16 Kyriakou Matsi Street, Eagle House, 10 th Floor, Ayioi Omologites, 1082 Nicosia, Cyprus	Investment holding company	Cyprus	Ordinary	100%
RR Donnelley India Outsource Private Limited 43A 1st Main Road, R A Puram, Chennai 600 028, India	Outsourced processing	India	Ordinary	25.84%
RR Donnelley Business Communication Services Limited (Reg. No. 3871504)*# Tower Close, Huntingdon, Cambridgeshire, PE29 7YD	Dormant	England & Wales	Ordinary	100%
Lasercom Holdings Limited+ Tower Close, Huntingdon, Cambridgeshire, PE29 7YD	Investment holding company	England & Wales	Ordinary	100%
RR Donnelley Document Solutions SAS* 11 bis rue Volney, Paris, France 75002	Document management services	France	Common	100%
RR Donnelley Communication Solutions (France) SAS (formerly RR Donnelley Imprimerie Nationale Document Solutions SAS) * 11 bis rue Volney, Paris, France 75002	Document management services	France	Common	100%
RR Donnelley Italy srl* 14 Via Roncaglia, Milano, Italy, 20146	Document management services	Italy	Common	100%
e-doc Group Pension Scheme Trustee Limited (Reg. No. 3323715)*# Tower Close, Huntingdon, Cambridgeshire, PE29 7YD	Pension scheme trustee company	England & Wales	Ordinary	100%
Edotech Trustee Company Limited (Reg. No. 3902061)*# Tower Close, Huntingdon, Cambridgeshire, PE29 7YD	Pension scheme trustee company	England & Wales	Ordinary	100%
RR Donnelley Spain SL* Calle General Palanca 3, Madrid, Spain	Document management services	Spain	Common	100%
Critical Mail Continuity Services Limited * Tower Close, Huntingdon, Cambridgeshire, PE29 7YD	Disaster recovery	England & Wales	Ordinary	100%
RRD GDS Limited * Tower Close, Huntingdon, Cambridgeshire, PE29 7YD	Dormant	England & Wales	Ordinary	100%
RR Donnelley Global Business Process Outsourcing Limited * 85 Gracechurch Street, London, EC3V 0AA	Dormant	England & Wales	Ordinary	100%

* Held directly by RR Donnelley Global Document Solutions Group Limited

+ Dissolved 30 January 2015

Exempt from audit under section 479A of the Companies Act 2006

All of the companies listed above are included in the consolidated financial statements and have accounting periods ending on 31 December, except RR Donnelley India Outsource Private Limited which has an accounting period ending on 31 March. The Group faces no significant restrictions on the ability of subsidiaries to transfer funds to the parent company in the form of cash dividends or to repay loans.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

17. ACQUISITION OF SUBSIDIARY UNDERTAKINGS

D) Critical Mail Continuity Services Limited

On 31 January 2015 the Company acquired 100 per cent of the issued share capital of Critical Mail Continuity Services Limited, a company whose primary activity is the supply of bespoke disaster recovery and business continuity services to the critical mailing industry, for a consideration of £10,283,000.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their value to the Group:

	Book value, and fair value to Group £'000
Fixed Assets	
Tangible fixed assets	466
Current Assets	
Debtors	910
Cash	1,479
Non-current Assets	
Deferred tax	81
Total Assets	<u>2,936</u>
Creditors	
Trade creditors	483
Accruals and deferred income	421
Corporation tax	379
Other taxes and social security	80
Total Liabilities	<u>1,363</u>
Net assets	1,573
Goodwill	8,710
	<u>10,283</u>
Satisfied by	
Cash	<u>10,283</u>

The results of Critical Mail Continuity Services Limited for the year ended 31 December 2015 include turnover of £6,557,000 and profit of £1,226,000 since the acquisition date.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

17. ACQUISITION OF SUBSIDIARY UNDERTAKINGS (continued)

II) RRD GDS Limited

On 27 February 2015 the Company acquired 100 per cent of the issued share capital of RRD GDS Limited, for consideration comprising the issue of 10,283,010 ordinary shares of £1 each in the Company. In accordance with section 615 of the Companies Act 2006, the Company has taken no account of any premium on the shares issued and has recorded the cost of the investment at the nominal value of the shares issued.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their value to the Group:

	Book value, and Fair Value to Group £'000
Debtors	10,283
Net Assets	10,283
Satisfied by Shares issued	10,283

The results of RRD GDS Limited for the year ended 31 December 2015 include turnover of £nil and profit of £228,000 since the acquisition date.

III) RR Donnelley Global Business Process Outsourcing Limited

On 22 May 2015 the Company acquired 100 per cent of the issued share capital of RR Donnelley Global Business Process Outsourcing Limited, for a consideration of £100. The results of RRD Global Business Process Outsourcing Limited for the year ended 31 December 2015 include turnover of £nil and profit of £36,000 since the acquisition date.

IV) RR Donnelley Communication Solutions (France) SAS (formerly RR Donnelley Imprimerie Nationale Document Solutions SAS)

On 30 June 2015 the Company's subsidiary RR Donnelley Document Solutions SAS acquired the 33 per cent minority interest in RR Donnelley Communication Solutions (France) SAS (formerly RR Donnelley Imprimerie Nationale Document Solutions SAS) for a consideration of €1.

On 14 August 2015 the Company acquired 100 per cent of the issued share capital of RR Donnelley Communication Solutions (France) SAS (formerly RR Donnelley Imprimerie Nationale Document Solutions SAS), for a consideration of €1.

RR Donnelley Communication Solutions (France) SAS (formerly RR Donnelley Imprimerie Nationale Document Solutions SAS) has been included in the consolidated financial statements of the Group for the whole of the current and previous years.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

18. STOCKS

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Raw materials and consumables	2,058	1,591	1,983	1,480
Work in progress	19	154	19	154
Finished goods and goods for resale	1,025	1,053	810	491
	<u>3,102</u>	<u>2,798</u>	<u>2,812</u>	<u>2,125</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

19. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	32,754	32,385	25,781	24,236
Amounts owed by related parties	1,873	2,347	2,332	2,286
Other taxes	330	488	170	229
Other debtors	502	498	386	363
Accrued income	3,064	3,253	3,064	3,253
Prepayments	6,151	6,574	4,950	5,115
	<u>44,674</u>	<u>45,545</u>	<u>36,683</u>	<u>35,482</u>
Amounts falling due after more than one year:				
Prepayments	236	160	5	5
	<u>44,910</u>	<u>45,705</u>	<u>36,688</u>	<u>35,487</u>

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

20. DEFERRED TAX ASSET

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
At 1 January 2015	3,230	2,316	2,865	2,643
Movement for the year	551	914	259	222
At 31 December 2015	<u>3,781</u>	<u>3,230</u>	<u>3,124</u>	<u>2,865</u>
Due within one year	-	-	-	-
Due after more than one year	<u>3,781</u>	<u>3,230</u>	<u>3,124</u>	<u>2,865</u>
Total deferred tax	<u>3,781</u>	<u>3,230</u>	<u>3,124</u>	<u>2,865</u>

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
The deferred tax asset arises from:				
Capital allowances in deficit of depreciation	3,772	2,926	3,565	2,588
Short term timing differences	9	304	(441)	277
	<u>3,781</u>	<u>3,230</u>	<u>3,124</u>	<u>2,865</u>

The Group and Company have recognised the deferred tax asset on the basis that the directors consider it probable that sufficient taxable profits will arise in the foreseeable future against which these assets can be realised.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade creditors	22,107	18,216	15,609	12,182
Amounts owed to related parties	6,128	4,090	12,011	9,477
Corporation tax	3,660	898	2,613	504
Other taxes and social security	5,378	5,555	4,549	4,619
Deferred income	6,042	6,530	5,223	5,645
Accruals	15,857	20,690	14,411	19,381
	<u>59,172</u>	<u>55,979</u>	<u>54,416</u>	<u>51,808</u>

22. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Amounts owed to related parties (note 23)	-	1,039	10,511	-
Deferred income	1,191	4,155	1,191	4,155
Accruals	391	279	284	279
	<u>1,582</u>	<u>5,473</u>	<u>11,986</u>	<u>4,434</u>

23. BORROWINGS

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Falling due between two and five years:				
Amounts owed to related parties	-	1,039	10,511	-
	<u>-</u>	<u>1,039</u>	<u>10,511</u>	<u>-</u>

The related parties are companies with the same ultimate parent company as the Group.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

24. PROVISIONS FOR LIABILITIES

Group	Onerous lease provision £'000	Redundancy provision £'000	ACP provision £'000	Total £'000
At 1 January 2015	749	318	375	1,442
Charged to profit and loss account	167	913	-	1,080
Utilisation of provision	(774)	(913)	(12)	(1,699)
At 31 December 2015	142	318	363	823
Provision for net defined benefit scheme deficit (see note 29)				4,110
Total				4,933

Company	Onerous lease provision £'000	Redundancy provision £'000	ACP provision £'000	Total £'000
At 1 January 2015	733	-	375	1,108
Charged to profit and loss account	(110)	331	-	221
Utilisation of provision	(494)	(221)	(12)	(727)
At 31 December 2015	129	110	363	602

The lease provision represents amounts provided for dilapidations and rent exposure on premises vacated as part of the rationalisation of business operations by RR Donnelley Global Document Solutions Group Limited. The provisions will be utilised in 2015 on the expiry of the leases to which they relate.

The redundancy provision relates to the rationalisation of trading activities within RR Donnelley Global Document Solutions Group Limited, RR Donnelley Document Solutions (Switzerland) GmbH and RR Donnelley Document Solutions Sp zoo. The provision in RR Donnelley Global Document Solutions Group Limited has been fully utilised within the current year.

The ACP (Annual Compensation Payments) provision represents amounts due to former employees of RR Donnelley Print & Media Services Limited, which have been calculated in accordance with the terms of their employment contract at that time based on their expected remaining lives.

25. CALLED UP SHARE CAPITAL AND RESERVES

	2015 £	2014 £
Allotted, called up and fully paid		
60,283,010 (2014: 50,000,000) ordinary shares of £1 each	60,283,010	50,000,000

The Company has one class of ordinary shares which carry no right of fixed income, and have no restrictions as to payment of dividends.

On 27 February the Company issued 10,283,010 ordinary shares of £1 each to its parent company as consideration for the purchase of RRD GDS Limited.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

25. CALLED UP SHARE CAPITAL AND RESERVES (Continued)

The Group and Company's other reserves are as follows:

The share premium account represents the premium arising on issue of equity shares, net of issue expenses.

The currency translation reserve represents cumulative exchange gains and losses on the value of foreign currency net investments.

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

26. NON-CONTROLLING INTEREST

	Group	
	2015	2014
	£'000	£'000
RR Donnelley Imprimerie Nationale Document Solutions SAS		
At 1 January	(608)	(435)
Minority share of loss on ordinary activities after taxation	(117)	(173)
Non-controlling interest extinguished on acquisition of minority share	725	-
	<u>-</u>	<u>-</u>
At 31 December	<u>-</u>	<u>(608)</u>

27. CASH FLOW STATEMENT

Reconciliation of operating profit/(loss) to cash generated by operations

	Group	
	2015	2014
	£'000	£'000
Operating profit/(loss)	4,872	(902)
Adjustment for:		
Share-based payment expense	124	150
Depreciation and amortisation	10,566	10,648
Loss on sale of tangible fixed assets	-	(14)
	<u>15,562</u>	<u>9,882</u>
Operating cash flow before movement in working capital		
(Increase)/decrease in stocks	(304)	753
Decrease in debtors	795	1,675
Decrease in creditors	(2,421)	(1,395)
(Decrease)/increase in provisions	(236)	108
Adjustment for pension funding	(115)	(1,205)
(Increase)/decrease in intangible development costs	(72)	2,147
Income tax paid	(87)	(1,681)
	<u>13,122</u>	<u>10,284</u>
Cash generated by operations	<u>13,122</u>	<u>10,284</u>

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

28. FINANCIAL COMMITMENTS

Capital commitments are as follows:

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Contracted but not provided for	941	1,718	941	1,718

Total future minimum lease payments under non-cancellable operating leases are as follows:

Group	2015		2014	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	2,720	1,228	2,551	1,662
Between two to five years	3,952	1,402	4,567	2,006
After more than five years	2,540	-	1,009	14
	9,212	2,630	8,127	3,682

Company	2015		2014	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	2,041	1,154	1,931	1,548
Between two to five years	2,575	1,283	3,371	1,915
After more than five years	1,403	-	872	-
	6,019	2,437	6,174	3,463

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

29. RETIREMENT BENEFIT SCHEMES

The Group operates several defined benefit pension schemes for which a summary table has been provided as follows:

SUMMARY OF PENSION COMMITMENT

	I) £'000	II) £'000	III) £'000	2015 Total £'000	2014 Total £'000
Net pension liability					
Fair value of scheme assets	20,820	2,148	11,814	34,782	33,180
Present value of scheme liabilities	(12,996)	(595)	(15,924)	(29,515)	(27,841)
Pension scheme surplus/(deficit) (pre restriction)	7,824	1,553	(4,110)	5,267	5,339
Restriction in pension surplus *	(7,824)	(1,553)	-	(9,377)	(8,262)
Net pension liability	-	-	(4,110)	(4,110)	(2,923)

* e-doc group Pension Scheme (I) has a pension asset in the current year amounting to £7,824,000 (2014 - £6,667,000). RR Donnelley Passport Pension Scheme (II) has a pension asset amounting to £1,553,000 (2014 - £1,595,000). These pension assets have not been recognised in the accounts of the Group on the basis that there is uncertainty as to the ability of the Group to obtain a refund of any surplus assets from the schemes.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

29. RETIREMENT BENEFIT SCHEMES (continued)

SUMMARY OF PENSION COMMITMENT (continued):

	I) £'000	II) £'000	III) £'000	2015 Total £'000	2014 Total £'000
Movement in the scheme deficit during the year					
Surplus/(deficit) in the scheme at beginning of year (pre restriction)	6,667	1,595	(2,923)	5,339	2,404
Restriction on pension surplus *	(6,667)	(1,595)	-	(8,262)	(4,515)
Deficit in the scheme at beginning of year (post restriction)	-	-	(2,923)	(2,923)	(2,111)
Return on assets excluding interest income	338	(51)	(44)	243	1,832
Contributions paid	1,028	-	(251)	777	1,793
Current service cost	-	-	(612)	(612)	(593)
Net finance income/(charge)	287	64	(46)	305	181
Scheme administrative costs	(102)	(52)	(23)	(177)	(216)
Actuarial loss	(394)	(3)	-	(397)	(228)
Net movements (pre restriction)	1,157	(42)	(976)	139	2,769
Restriction on pension surplus *	(1,157)	42	-	(1,115)	(3,747)
Net movements (post restriction)	-	-	(976)	(976)	(978)
Exchange (loss)/gain	-	-	(211)	(211)	166
Deficit in the scheme at end of year	-	-	(4,110)	(4,110)	(2,923)

* e-doc Group Pension Scheme (I) has a pension asset amounting to £7,824,000 (2014 - £6,667,000). RR Donnelley Passport Pension Scheme has a pension asset amounting to £1,553,000 (2013 - £1,595,000). These pension assets have not been recognised in the accounts of the Group on the basis that there is uncertainty as to the ability of the Group to obtain a refund of any surplus assets from the schemes.

In addition, the Group contributes to employees' own personal pension arrangements at rates varying between 4.8% and 10% of pensionable earnings.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

29. RETIREMENT BENEFIT SCHEMES (continued)

I) e-doc Group Pension Scheme, which comprises two elements:

A defined benefit element for the pension liabilities accrued up to 31 July 2000 of employees formerly employed by RR Donnelley Print & Media Services Limited who were previously employed by Her Majesty's Stationery Office; and a defined contribution element for other former employees of RR Donnelley Print & Media Services Limited, and for the pension liabilities accrued since 1 August 2000 of employees in service with the Company on 31 July 2000.

The Company contributes to a personal pension arrangement and to employees' own personal pension arrangements for other staff at rates varying between 4.8% and 10% of pensionable earnings.

The contributions to the defined benefit scheme, e-doc Group Pension Scheme, are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The scheme split from The Stationery Office Pension Scheme on 1 August 2001.

Except where stated otherwise, the remainder of section I) of this FRS 102 pensions note relates only to the defined benefit element of the Scheme.

A full actuarial valuation of the e-doc Group Pension Scheme was carried out at 31 December 2012 and updated to 31 December 2015 by a qualified independent actuary. The next full actuarial valuation will be calculated as at 31 December 2015. The principal assumptions used by the actuary were (in nominal terms):

		2015 % per annum	2014 % per annum
Future price inflation assumed		2.1	2.1
Rate of increase in payment of pensions		2.1	2.1
Assumed discount rate on liabilities		3.8	4.0
Rate of increase for deferred pensioners		2.1	2.1
		Years	Years
Assumed life expectancies on retirement at age 65 are:			
Retiring today	Males	22.4	22.3
	Females	24.6	24.6
Retiring in 20 years time	Males	23.7	23.6
	Females	26.2	26.1

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not be borne out in practice.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

29. RETIREMENT BENEFIT SCHEMES (continued)

The assumptions used in determining the overall expected return on the assets of the Scheme have been set having regard to yields available on government bonds, corporate bonds and bank base rates, incorporating appropriate risk margins where appropriate. The fair value of the Scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2015 Fair value £'000	2014 Fair value £'000
Equities	5,392	7,991
Fixed Interest	4,546	4,846
Index Linked Gilts	10,065	2,331
Cash	667	1,787
Other	150	2,413
Total fair value of assets	20,820	19,368
Expected rate of return per annum	3.8%	4.0%

The Scheme does not hold any ordinary shares issued or property occupied by RR Donnelley Global Document Solutions Group Limited.

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair value of assets	20,820	19,368	15,224	13,366	12,771
Present value of funded obligations	(12,996)	(12,701)	(12,235)	(11,944)	(9,037)
Pension scheme surplus	7,824	6,667	2,989	1,422	3,734
Irrecoverable surplus	(7,824)	(6,667)	(2,989)	(1,422)	(3,734)
Net pension asset	-	-	-	-	-

The pension asset in the e-doc Group Pension Scheme in the current year is not recognised in the accounts of the Group on the basis that there is uncertainty as to the ability of the Group to obtain a refund of any surplus assets from the scheme.

	2015 £'000	2014 £'000
Movement in surplus in the scheme during the year		
Surplus in the scheme at beginning of year	6,667	2,989
Return on assets excluding interest income	338	2,446
Contributions	1,028	1,362
Net finance income	287	168
Scheme administrative costs	(102)	(119)
Actuarial loss	(394)	(179)
Surplus in the scheme at end of year	7,824	6,667

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

29. RETIREMENT BENEFIT SCHEMES (continued)

	2015 £'000	2014 £'000
Changes in the present value of the Scheme liabilities		
Liabilities at beginning of year	12,701	12,235
Interest cost	496	557
Actuarial losses	394	179
Benefits paid	(595)	(270)
Liabilities at end of year	<u>12,996</u>	<u>12,701</u>

	2015 £'000	2014 £'000
Changes in the fair value of the Scheme assets		
Fair value of assets at beginning of year	19,368	15,224
Interest income on scheme assets	783	725
Return on assets excluding interest income	338	2,446
Contributions by employer	1,028	1,362
Benefits paid	(595)	(270)
Scheme administrative costs	(102)	(119)
Fair value of scheme assets at end of year	<u>20,820</u>	<u>19,368</u>

The Group's best estimate of expected contributions to the Scheme in the year commencing 1 January 2016 is £1,028,000 plus contributions to the Defined Contribution element.

	2015 £'000	2014 £'000
Amount recognised in the profit and loss account in respect of the scheme		
Scheme administrative costs	<u>(102)</u>	<u>(119)</u>

Remeasurements of the net defined benefit asset to be shown in other comprehensive income

	2015 £'000	2014 £'000
Actuarial losses on the liabilities	(394)	(179)
Return on assets, excluding interest income	338	2,446
Impact of surplus restrictions	1,315	1,530
Change in irrecoverable surplus	(1,157)	(3,678)
Recognised in other comprehensive income	<u>102</u>	<u>119</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

29. RETIREMENT BENEFIT SCHEMES (continued)

- II) RR Donnelley Passport Pension Scheme**, a defined benefit scheme established in the UK with effect from 1 February 2006.

Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The Company made no contributions to the scheme for the current or prior year. All of the remaining active members of the scheme ceased to be active with effect from 30 June 2010.

A full actuarial valuation was carried out at 31 December 2012 and updated to 31 December 2015 by a qualified actuary. The next full actuarial valuation will be calculated as at 31 December 2015. The principal assumptions used for the actuarial valuation were:

	2015	2014
	% per annum	% per annum
Inflation assumption	3.1	3.1
Rate of increase in payment of pensions	3.1	3.1
Discount rate	3.9	4.0
Rate of increase for deferred pensioners	2.1	2.1
Future salary increases	n/a	n/a

		Years	Years
Assumed life expectancies on retirement at age 65 are:			
Retiring today	Males	22.4	22.3
	Females	24.6	24.6
Retiring in 20 years' time	Males	23.7	23.6
	Females	26.2	26.1

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not be borne out in practice.

The assumptions used in determining the overall expected return on the assets of the Scheme have been set having regard to yields available on government bonds, corporate bonds and bank base rates, incorporating appropriate risk margins where appropriate. The fair value of the Scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2014	2014
	Fair	Fair
	value	value
	£'000	£'000
Equities and property	6	18
Fixed interest	130	-
Index linked gilts	1,086	1,380
Cash	925	772
Other	1	-
	<hr/>	<hr/>
Total fair value of assets	2,148	2,170
	<hr/>	<hr/>
Expected rate of return	3.9%	4.0%pa

The Scheme does not hold any ordinary shares issued or property occupied by RR Donnelley Global Document Solutions Group Limited.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

29. RETIREMENT BENEFIT SCHEMES (continued)

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Net pension asset					
Fair value of scheme assets	2,148	2,170	2,034	1,882	4,343
Present value of funded obligations	(595)	(575)	(508)	(578)	(1,904)
Pension scheme surplus	1,553	1,595	1,526	1,304	2,439
Irrecoverable surplus	(1,553)	(1,595)	(1,526)	(1,304)	(2,439)
Net pension asset in plan	-	-	-	-	-

The pension asset in the RR Donnelley Passport Pension Scheme is not recognised in the accounts of the Group on the basis that there is uncertainty as to the ability of the Group to obtain a refund of any surplus assets from the scheme.

	2015 £'000	2014 £'000
Movement in surplus in the scheme during the year		
Surplus in the scheme at beginning of year	1,595	1,526
Net finance income	64	71
Return on assets excluding interest income	(51)	119
Actuarial loss	(3)	(49)
Scheme administrative costs	(52)	(72)
Surplus in the scheme at end of year	1,553	1,595

	2015 £'000	2014 £'000
Changes in the present value of the Scheme liabilities		
Liabilities at beginning of year	575	508
Interest cost	23	24
Actuarial loss	3	49
Benefits paid	(6)	(6)
Liabilities at end of year	595	575

	2015 £'000	2014 £'000
Changes in the fair value of the Scheme assets		
Fair value of assets at beginning of year	2,170	2,034
Interest income on Scheme assets	87	95
Return on assets excluding interest income	(51)	119
Benefits paid	(6)	(6)
Scheme administrative costs	(52)	(72)
Fair value of Scheme assets at end of year	2,148	2,170

The Group's best estimate of expected contributions to the Scheme in the year commencing 1 January 2016 is £nil.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2015

29. RETIREMENT BENEFIT SCHEMES (continued)

	2015 £'000	2014 £'000
Amount recognised in the profit and loss account in respect of the scheme		
Scheme administrative costs	(52)	(72)
	<u> </u>	<u> </u>
	2015 £'000	2014 £'000
Remeasurements of the net defined benefit asset to be shown in other comprehensive income		
Actuarial losses on the liabilities	(3)	(49)
Return on assets excluding interest income	(51)	119
Impact of surplus restrictions	64	71
Change in irrecoverable surplus	42	(69)
	<u> </u>	<u> </u>
Recognised in other comprehensive income	52	72
	<u> </u>	<u> </u>

III) Cominformatic a defined benefit plan in Switzerland, operated by RR Donnelley Document Solutions (Switzerland) GmbH. The last full independent actuarial valuation of the Plan was undertaken as at 31 December 2012.

The company received a net refund of contributions from the plan for the year ended 31 December 2015 of £251,000 (2014 – contributions paid £431,000). The Company contributes to the Plan depending on employee age, at a rate of approximately 8%-13% of pensionable salaries a year over the future working lifetime of the scheme's active members. This is subject to review at the formal actuarial valuation will be calculated as at 31 December 2015. 72 employees paid, in the year, a total of £12,000 into the Plan (2014 - £275,000). Employees are required to contribute, depending on age, at the rate of 6.5%-10.5% of pensionable salaries.

The actuary has performed a review of the financial position of the scheme at 31 December 2015. The major assumptions used for the actuarial valuation were:

	31 December 2015 % per annum	31 December 2014 % per annum
Inflation assumption	0.50	0.75
Rate of increase in pension payments	0.00	0.00
Discount rate	0.75	1.25
Rate of increase for deferred pensioners	0.00	0.00
Salary growth	1.50	1.50

The pension payment increases, other than for deferred pensioners, are discretionary and are only paid if the increases can be afforded from the assets of the Plan.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

29. RETIREMENT BENEFIT SCHEMES (continued)

Fair value of assets and expected rate of return

	2015 Fair value £'000	2014 Fair value £'000
Equities	2,363	2,328
Bonds and others	9,451	9,314
Total fair value of assets	11,814	11,642
Expected rate of return per annum	0.75%	1.25%

All assets are invested with insurance companies. The percentage invested in equities has been given at between 15%-25%, an average of 20% has been applied in the above figures.

Net pension liability

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair value of Plan assets	11,814	11,642	11,838	11,956	11,109
Actuarial value of plan liabilities	(15,924)	(14,565)	(13,949)	(14,909)	(13,521)
Net pension liability in plan	(4,110)	(2,923)	(2,111)	(2,953)	(2,412)

The Plan is fully funded according to the requirements of Swiss pension law. The deficit arising through the application of FRS 102 is a result of providing for future salary and pension increases, death and disability benefits.

Movement in deficit in the Plan during the year

	2015 £'000	2014 £'000
Deficit in the plan at the beginning of the year	(2,923)	(2,111)
Return on assets excluding interest income	(44)	(730)
Contributions paid	(251)	431
Current service cost	(612)	(596)
Net finance expense	(46)	(58)
Scheme administrative cost	(23)	(25)
Exchange (loss)/gain	(211)	166
Deficit in plan at end of the year	(4,110)	(2,923)

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

29. RETIREMENT BENEFIT SCHEMES (continued)

	2015 £'000	2014 £'000
Changes in the present value of the Scheme liabilities		
Liabilities at beginning of year	14,565	13,949
Interest cost	183	281
Actuarial losses	61	680
Contributions by employees	280	275
Benefits paid	(545)	(502)
Current service cost	612	593
Exchange losses/(gains)	768	(711)
Liabilities at end of year	<u>15,924</u>	<u>14,565</u>
	2015 £'000	2014 £'000
Changes in the fair value of the Scheme assets		
Fair value of assets at beginning of year	11,642	11,838
Interest income	137	223
Return on assets excluding interest	17	(53)
Contributions by employer	(251)	431
Contributions by employees	280	275
Benefits paid	(545)	(502)
Scheme administrative costs	(23)	(25)
Exchange gains/(losses)	557	(545)
Fair value of scheme assets at end of year	<u>11,814</u>	<u>11,642</u>
Amount recognised in the profit and loss account in respect of the scheme	2015 £'000	2014 £'000
Current service cost	(612)	(593)
Scheme administrative costs	(23)	(25)
	<u>(635)</u>	<u>(618)</u>
Remeasurements of the net defined benefit asset to be shown in other comprehensive income	2015 £'000	2014 £'000
Return on assets excluding interest income	(44)	(733)
Exchange (loss)/gain	(211)	166
Recognised in other comprehensive income	<u>(255)</u>	<u>(567)</u>

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

29. RETIREMENT BENEFIT SCHEMES (continued)

IV) Defined contribution schemes

The pension charge for the defined contribution schemes during the year is £3,149,000 (2014 - £2,141,000). The unpaid contributions outstanding at the year-end were £408,000 (2014 - £279,000). These related to December 2015 contributions which were paid in January 2016.

30. SUBSEQUENT EVENTS

On 11 January 2016 the Company sold its subsidiary undertakings RR Donnelley Document Solutions (Switzerland) GmbH and RR Donnelley Document Solutions (Austria) GmbH for a consideration of £11,353,000.

31. RELATED PARTY TRANSACTIONS

As 100% of the share capital of the Company and Group 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.

All of the Company's subsidiary undertakings are 100% owned, with the exception of RR Donnelley Communication Services (France) SAS (formerly RR Donnelley Imprimerie Nationale Document Solutions SAS), which was 67% owned until the Group acquired the remaining 33% on 30 June 2015.

During the six months to 30 June 2015 the Group undertook the following transactions in the ordinary course of business and on arms length terms with RR Donnelley Communication Services (France) SAS:

Purchase of goods £9,000 (2014 - £40,000) and sale of goods £5,000 (2014 - £43,000).

At 31 December 2014 the amount owed by RR Donnelley Communication Services (France) SAS was £45,000 and the amount owed to RR Donnelley Communication Services (France) SAS was £41,000.

The total remuneration for key management personnel for the period totalled £2,055,299 (2014 - £2,300,600).

32. PARENT COMPANY

The Company's immediate parent undertaking is RR Donnelley Holdings BV, a company registered in the Netherlands. The largest and smallest group in which the results of the Company for the year ended 31 December 2015 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, 35 West Wacker Drive, Chicago, IL 60601.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

33. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014.

Reconciliation of equity

	Group		Company	
	At 1	At 31	At 1	At 31
	January	December	January	December
	2014	2014	2014	2014
	£'000	£'000	£'000	£'000
Equity reported under previous UK GAAP	24,000	72,064	18,702	71,676
Adjustments to equity on transition to FRS 102				
Development costs capitalised as intangible assets	10,267	8,479	10,627	8,479
Development costs transferred from prepaid expenses	(10,627)	(8,479)	(10,627)	(8,479)
Pension scheme administrative costs and related tax				
Administrative costs charged to profit and loss account under FRS 102	-	(239)	-	(191)
Related tax charge	-	48	-	38
Add: Administrative expenses charged to other comprehensive income under FRS 102	-	239	-	191
Related tax charge	-	(48)	-	(38)
Equity reported under FRS 102	24,000	72,064	18,702	71,676

Reconciliation of (loss)/profit for 2014

	Group	Company
	£'000	£'000
(Loss)/profit for the financial year under previous UK GAAP	(1,338)	3,062
Pension scheme administrative costs charged to profit and loss account	(239)	(191)
Related tax charge	48	38
Total adjustment to profit and loss account under FRS 102	(191)	(153)
(Loss)/profit for the financial year under FRS 102	(1,529)	2,909