

Registered number: 00166396

LSC COMMUNICATIONS UK LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

MONDAY



A8F3TFYW

A35

30/09/2019

#252

COMPANIES HOUSE

LSC COMMUNICATIONS UK LIMITED

COMPANY INFORMATION

Directors	Andrew Coxhead (appointed 10 September 2018) Matthew Kyle Roberts (appointed 21 December 2018)
Company secretary	IQ EQ Secretaries (UK) Limited
Registered number	00166396
Registered office	4th Floor 45 Monmouth Street London WC2H 9DG
Independent auditor	Peters Elworthy & Moore Salisbury House Station Road Cambridge CB1 2LA
Bankers	ING Bank NV 60 London Wall London EC2M 5TQ

LSC COMMUNICATIONS UK LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditor's Report	3 - 5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 - 16

LSC COMMUNICATIONS UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

Principal activity

During the year the principal activity of the company was that of a 100% owned subsidiary of LSC Communications Holdings BV, trading as an agent to service IT maintenance contract.

Directors

The directors who served during the year were:

Andrew Coxhead (appointed 10 September 2018)
Grzegorz Czech (resigned 10 September 2018)
Matthew Kyle Roberts (appointed 21 December 2018)
James Ellward (appointed 10 December 2018, resigned 21 December 2018)
Magdalena Swat (resigned 10 September 2018)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

LSC COMMUNICATIONS UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

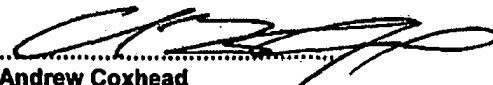
- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


.....
Andrew Coxhead
Director

Date: 30 September 2019

LSC COMMUNICATIONS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LSC COMMUNICATIONS UK LIMITED

Opinion

We have audited the financial statements of LSC Communications UK Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

LSC COMMUNICATIONS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LSC COMMUNICATIONS UK LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

LSC COMMUNICATIONS UK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LSC COMMUNICATIONS UK
LIMITED (CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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

James Burrett (Senior Statutory Auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants and Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

30 September 2019

LSC COMMUNICATIONS UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	3	184,550	123,239
Gross profit		184,550	123,239
Administrative expenses		(178,183)	(116,794)
Operating profit	4	6,367	6,445
Amounts written off investments		432	-
Interest payable and expenses	7	(396)	(174)
Profit before tax		6,403	6,271
Tax on profit	8	(1,217)	(1,207)
Profit for the financial year		5,186	5,064

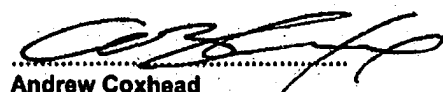
There was no other comprehensive income for 2018 (2017:£nil).

LSC COMMUNICATIONS UK LIMITED
REGISTERED NUMBER: 00186396

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	9	-	1
		<u>-</u>	<u>1</u>
Current assets			
Debtors: amounts falling due within one year	10	66,186	83,138
Cash at bank and in hand	11	16,805	17,332
		<u>82,991</u>	<u>100,470</u>
Creditors: amounts falling due within one year	12	(72,185)	(94,851)
Net current assets		<u>10,806</u>	<u>5,619</u>
Total assets less current liabilities		<u>10,806</u>	<u>5,620</u>
Net assets		<u>10,806</u>	<u>5,620</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account		10,706	5,520
		<u>10,806</u>	<u>5,620</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Andrew Coxhead
 Director

Date: 30 September 2019
 The notes on pages 9 to 16 form part of these financial statements.

LSC COMMUNICATIONS UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	100	456	556
Profit for the year	-	5,064	5,064
At 1 January 2018	100	5,520	5,620
Profit for the year	-	5,186	5,186
At 31 December 2018	100	10,706	10,806

LSC COMMUNICATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

LSC Communications UK Limited is a company incorporated in the UK with company number 00166396. Its registered office and principal place of business is 4th Floor 45 Monmouth Street, London, WC2H 9DG. The nature of the Company's operations and its principal activity are set out in Director's Report on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors are satisfied that the Company has adequate resources to continue in existence for the foreseeable future. In forming this opinion the directors have considered the principal risk and uncertainties facing the Company. The Company is not reliant on external financing and accordingly the directors have adopted the going concern basis in preparing the annual report and financial statements.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

LSC COMMUNICATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

LSC COMMUNICATIONS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.11 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.13 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. Turnover

The whole of the turnover is attributable to the recharge of overhead expenses to other members of the Group.

Analysis of turnover by country of destination:

	2018 £	2017 £
Poland	-	45,827
United States	184,550	77,412
	<u>184,550</u>	<u>123,239</u>

LSC COMMUNICATIONS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Restructuring costs - redundancy settlement	-	6,657
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	4,250	4,120
Exchange differences	109	175
Defined contribution pension cost	670	789
	<u>4,829</u>	<u>11,741</u>

5. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	118,000	68,837
Social security costs	12,023	7,320
Cost of defined contribution scheme	670	789
	<u>130,693</u>	<u>76,946</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Technology	1	1
Sales	-	1
	<u>1</u>	<u>2</u>

6. Directors' remuneration

No emoluments were payable to the directors in 2018 or 2017. Directors' remuneration was borne by another group company.

LSC COMMUNICATIONS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	396	174

8. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	1,217	1,207

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2017 - 19.25 %).

Factors that may affect future tax charges

Reduction to rate of corporation tax to 17% (effective 1 April 2020) has been enacted. The impact on current and deferred tax charges will be reflected within the financial statements.

The Chancellor of the Exchequer proposed wide-ranging reform in regard to the use of brought forward tax losses and the tax deductibility of corporate interest. The proposed changes to existing legislation will not have a material impact on the Company.

LSC COMMUNICATIONS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Fixed asset investments

	Unlisted investments £
At 1 January 2018	1
Disposals	(1)
At 31 December 2018	-
At 31 December 2018	-
At 31 December 2017	1

Fixed asset investments were disposed during the year. For the year ended 31 December 2017, the unlisted investment was a 1% share holding of a group company.

LSC COMMUNICATIONS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Debtors

	2018 £	2017 £
Amounts owed by group undertakings	64,397	78,496
Other debtors	1,789	3,582
Prepayments and accrued income	-	1,060
	<u>66,186</u>	<u>83,138</u>

11. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	16,805	17,332
Less: bank overdrafts	(53,128)	(80,128)
	<u>(36,323)</u>	<u>(62,796)</u>

12. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	53,128	80,128
Trade creditors	2,550	-
Amounts owed to group undertakings	891	4,232
Corporation tax	1,217	1,207
Other taxation and social security	4,824	-
Other creditors	-	1,274
Accruals and deferred income	9,575	8,010
	<u>72,185</u>	<u>94,851</u>

13. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

LSC COMMUNICATIONS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Related party transactions

As a wholly owned subsidiary undertaking of LSC International Holdings Inc, the Company has taken advantage of the exemption according to FRS 102 paragraph 33.1A not to disclose transactions with other wholly owned members of the group headed by LSC International Holdings Inc since that Company produces financial statements which are available to the public and which include LSC Communications UK Limited (formerly R.R. Donnelley Limited), and these financial statements may be obtained from Corporate Communication Department, 191 West Wacker Drive, Chicago, Illionois 60606, USA.

15. Controlling party

The Company's ultimate parent company and controlling party is LSC Communications, Inc. which is incorporated in the State of Delaware, USA. The company's immediate parent company is LSC Communications Holdings BV incorporated in the Netherlands.