

Océ (UK) Limited

Report and Financial Statements

30 April 2014

MONDAY



L466ENUP

LD7

27/04/2015

#105

COMPANIES HOUSE

Contents

| | |
|--|---|
| Strategic report | 2 |
| Directors' report | 3 |
| Directors' responsibilities statement | 4 |
| Independent auditors report to the members of Océ (UK) Limited | 5 |
| Profit and loss account | 6 |
| Statement of total recognised gains and losses | 6 |
| Balance sheet | 7 |
| Notes to the financial statements | 8 |

Strategic report

Registered No. 00235241

The directors present their Strategic report for the year ended 30 April 2014.

Principal activity and business review

The company provided high quality printing products and services for use by businesses.

On 1 May 2013, as part of a Business Transfer Agreement with its immediate parent company Canon (UK) Ltd, all the assets, business and employees of the Company were transferred to Canon (UK) Ltd. In addition to the Transfer Agreement the Company also entered into a Flexible Apportionment Arrangement and Deed of Amendments and Substitution of Principal Employer with Canon (UK) Ltd and the Trustees of the Océ UK Ltd Defined Benefit Pension Scheme. The effect of this agreement was to substitute Canon (UK) Ltd as the new Principal Employer of the Pensions Scheme and to release Océ (UK) Ltd from its obligation in respect of the Scheme.

The performance during the year to 30 April 2014 is shown in the profit and loss account on page 6. Due to the above mentioned transfer there was no activity during the year other than the transfer to Canon (UK) Ltd.

Going concern

The financial statements have been prepared on a break-up basis reflecting the planned closure of the company within the next twelve months. Accordingly adjustments have been made to reduce the carrying value of assets to their estimated realisable amount and to provide for any further liabilities which will arise. Liabilities are classified as current.



Lyn Holmes
Director

24th April 2015

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 30 April 2014.

Results and dividends

The profit for the year, after taxation, amounted to £nil (2013: £2,845,000 loss). The directors have not recommended a dividend.

Directors

The directors who held office during the year and subsequently were as follows:

P Anthem resigned 31 May 2013
A Recio
J Pearce resigned 31 May 2013
L Holmes

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office:

Woodhatch
Reigate
Surrey
RH2 8BF

Signed on behalf of the directors



Lyn Holmes
Director

24th April 2015

Company Registration Number: 00235241

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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;
- As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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

We have audited the financial statements of Océ (UK) Limited for the period from 1 May 2013 to 30 April 2014 which consists of the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes 1 to 20. 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). The accounts have been prepared on a break-up basis.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2014 and of its results 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.

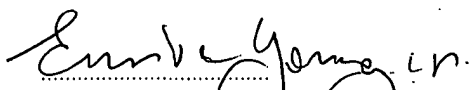
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Mohan Pandian (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP London

27 APR 2015

Date:.....

Profit and loss account

Year ended 30 April 2014

| | | 30 Apr 14 | 4 months Ended 30 Apr 13 |
|--|-------|-----------|--------------------------------|
| | Notes | £000 | £000 |
| Turnover | 2 | - | 44,924 |
| Cost of sales | | - | (28,341) |
| Gross Profit | | - | 16,583 |
| Service, selling and distribution costs | | - | (13,051) |
| Administrative expenses – before exceptional items | | - | (3,961) |
| – exceptional items | 4 | - | (3,340) |
| Operating Loss | 3 | - | (3,769) |
| Interest receivable and similar income | 7 | - | 7 |
| Other finance expense | 17 | - | (361) |
| Loss on ordinary activities before taxation | | - | (4,123) |
| Tax on loss on ordinary activities | 7 | - | 1,278 |
| Loss for the financial year/period | 16 | - | (2,845) |

All operations are discontinued.

Statement of total recognised gains and losses

Year ended 30 April 2014

| | | 30 Apr 14 | 4 months Ended 30 Apr 13 |
|--|-------|-----------|--------------------------------|
| | Notes | £000 | £000 |
| Loss for the financial year/period | | - | (2,845) |
| Actuarial loss on pension scheme | 17 | - | (16,691) |
| Total recognised loss relating to the year/period | | - | (19,536) |

Balance sheet

at 30 April 2014

| | Notes | 30 Apr 14 £000 | 30 Apr 13 £000 |
|--|-------|-------------------|-------------------|
| Fixed assets | | | |
| Tangible assets | 9 | - | 5,283 |
| Current assets | | | |
| Stocks | 10 | - | 1,640 |
| Debtors – amounts falling due after more than one year | 11 | - | 11,298 |
| – amounts falling due within one year | 11 | - | 59,425 |
| Cash at bank and in hand | | - | 12,316 |
| | | - | 84,679 |
| Creditors: amounts falling due within one year | 12 | (23,968) | (24,997) |
| Net current (liabilities)/ assets | | (23,968) | 59,682 |
| Total assets less current liabilities | | (23,968) | 64,965 |
| Provisions for liabilities | 13 | - | (2,060) |
| Net (liabilities)/ assets excluding pension deficit | | (23,968) | 62,905 |
| Pension deficit | 17 | - | (86,873) |
| Net liabilities including pension deficit | | (23,968) | (23,968) |
| Capital and reserves | | | |
| Called up share capital | 14 | 61,880 | 61,880 |
| Share premium account | 15 | 41,906 | 41,906 |
| Other reserves | 15 | 200 | 200 |
| Profit and loss account | 15 | (127,954) | (127,954) |
| Shareholders' deficit | 16 | (23,968) | (23,968) |

These financial statements were approved by the board of directors on
signed on its behalf by:

24th

April 2015 and were



L. Holmes
Director

Notes to the financial statements

at 30 April 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The financial statements have been prepared on a break-up basis reflecting the planned closure of the company within the next twelve months. Accordingly, adjustments have been made to reduce the carrying value of assets to their estimated realisable amount and to provide for any further liabilities which will arise. Liabilities are classified as current. The remaining principal accounting policies of the company have remained consistent.

Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental cost of acquisition less accumulated depreciation and accumulated impairment losses. Such cost includes cost directly attributable to making the asset operate as intended. The company does not capitalise finance costs.

Depreciation is provided to write off the cost or valuation of tangible fixed assets by equal annual instalments over their estimated useful lives at the following rates:

| | | |
|--|---|----------------------|
| Leasehold improvement | – | over the lease term |
| Machinery & motor vehicle – rental machinery | – | 18% – 100% per annum |
| – other | – | 10% – 33% per annum |

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Included in the machinery and motor vehicles are rental machines which represent machines held for use by customers under operating leases, or were previously held by customers under finance leases in which case they are capitalised as fully depreciated upon expiry of the finance lease agreements.

Turnover

Turnover represents the amounts (net of Value Added Tax and any discounts) derived from the provision of goods and services to third party customers.

Revenue recognition is only deemed appropriate when all of the risks and rewards of ownership of the product have passed to the customer. Revenue generally can be recognized when all of the following criteria are met:

- Persuasive evidence of an arrangement exists: it is necessary that a documented order form from the customer exists; electronic evidence is sufficient.
- Delivery has occurred or services have been rendered. However, delivery is not considered to have occurred unless the customer has taken title and assumed the risks and rewards of ownership. Typically this occurs when a product is delivered to the customer's delivery site (if the terms of sale are 'fob destination', otherwise known as "CIF") or when a product is shipped to the customer (if the terms are 'fob shipping point').
- The seller's price to the buyer is fixed or determinable.
- Collectability is reasonably assured.

Notes to the financial statements

at 30 April 2014

1. Accounting policies (continued)

Revenue recognition

Revenues are recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria have been met as described below:

a) Sales of machines

Revenues are recognised at the moment that both delivery to and installation on the customer's premises have taken place. If a sales contract contains an acceptance clause, revenue is recognised at the moment that the customer has confirmed acceptance. When machines are sold to a distributor, the revenues are recognised at the moment of delivery. If the company has offered the customer a finance lease arrangement, revenue is recognised at commencement of the lease term.

b) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the company are classified as "Rentals". Revenues from "Rentals" are recognised in the profit and loss account on a "straight-line" basis over the term of the contract.

c) Service

Service revenues are mostly obtained from maintenance contracts that have been concluded for machines sold or leased out and from business service activities. Revenues are recognised pro rata over the period of the contract. If service contracts have been invoiced in advance, the considerations are included in the balance sheet under accruals and deferred income.

d) Supplies

Revenues are recognised at the moment of delivery.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value comprises the estimated selling price, less appropriate selling and distribution costs. Provision is made for obsolescent, slow-moving and defective stocks.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable, and
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 30 April 2014

1. Accounting policies (continued)

Foreign currencies

Foreign currency balances have been translated into sterling at the rates ruling at the period end. Foreign currency transactions during the period have been translated at the exchange rate ruling at the date of transaction. Exchange differences arising have been taken to the profit and loss account.

Leasing and hire purchase commitments

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as finance lease obligations. The interest portion of lease payments is charged to the profit and loss account using the annuity method.

Where assets are rented from suppliers under operating lease agreements, the costs are charged on a straight line basis over the lease term.

Debtors

Debtors are initially recognised at historical cost and are included in current assets. A provision for impairment of debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtor. Debtors comprise trade and other debtors.

Creditors

Trade creditors are recognised at fair value, being historical cost.

Lease receivables

Assets leased to customers under agreements which transfer substantially all the risks and rewards of ownership, other than legal title, are classified as finance leases. Gross earnings under finance leases are allocated to accounting periods in such a way as to give a constant periodic rate of return on the net cash investment. Finance lease receivables are stated as the minimum lease payments receivable under the lease, including residual values that may be reasonably anticipated, less the amount that is attributable to future gross earnings (interest).

Where assets are rented to customers under operating lease agreements, the assets are included in fixed assets and depreciated in accordance with the depreciation policy described above. Income is recognised over the rental agreement period as it falls due.

Pensions

The company made contributions into five pension schemes for its employees; two defined benefit schemes and three defined contribution schemes, including one group personal pension scheme.

Contributions to the defined contribution schemes, including the group personal pension scheme, were recognised in the profit and loss account in the period in which they become payable.

Contributions to the defined benefit schemes were charged to the profit and loss account so as to spread the cost of the pensions over the service lives of employees in the scheme.

Provision for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are discounted if the effect of the time value of money is material.

Notes to the financial statements

at 30 April 2014

5. Directors' emoluments

| | 30 Apr 14 £000 | 4 months Ended 30 Apr 13 £000 |
|---|-------------------|--|
| Aggregate emoluments | - | 62 |
| Value of company pension contributions under defined benefit pension scheme | - | 5 |

At 30 April 2014 retirement benefits were accruing to no directors (at 31 December 2013 – one director) under a defined benefit pension scheme.

6. Staff costs

| | 30 Apr 14 £000 | 4 months Ended 30 Apr 13 £000 |
|-----------------------|-------------------|--|
| Wages and salaries | - | 14,248 |
| Social security costs | - | 1,264 |
| Other pension costs | - | 769 |
| | - | 16,281 |

The average monthly number of employees during the period was made up as follows:

| | 30 Apr 14 No. | 4 months Ended 30 Apr 13 No. |
|---------------------|------------------|---------------------------------------|
| Sales and servicing | - | 799 |
| Other | - | 87 |
| | - | 886 |

6. Interest receivable and similar income

| | 30 Apr 14 £000 | 4 months Ended 30 Apr 13 £000 |
|---------------------------|-------------------|--|
| Bank and deposit interest | - | 7 |

Notes to the financial statements

at 30 April 2014

7. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows:

| | 30 Apr 14 | 4 months Ended 30 Apr 13 |
|---|-----------|--------------------------------|
| | £000 | £000 |
| <i>Current tax:</i> | | |
| UK corporation tax on the loss for the year/period (note 7 (b)) | - | (1,278) |
| | - | (1278) |

(b) Factors affecting current tax credit for the period

The tax assessed for the period is different from the standard rate of corporation tax in the UK of 20% (4 months ended 30 April 2013 – 23.75%). The differences are explained below:

| | 30 Apr 14 | 4 months Ended 30 Apr 13 |
|---|-----------|--------------------------------|
| | £000 | £000 |
| Loss on ordinary activities before tax | - | (4,123) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (4 months ended 30 April 2013 – 23.75%) | - | (979) |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | - | 15 |
| Accelerated capital allowances and other timing differences | - | (264) |
| Effective change of tax rate | - | (50) |
| Current tax for the year/period (note 7(a)) | - | (1,278) |

Notes to the financial statements

at 30 April 2014

7. Tax (continued)

(c) Deferred tax

Deferred tax provided in the financial statements and the amounts not provided are as follows:

| | 30 Apr 14 | | 4 months Ended 30 Apr 13 | |
|--|------------------|--------------------|--------------------------------|--------------------|
| | Provided £000 | Unprovided £000 | Provided £000 | Unprovided £000 |
| Excess of capital allowances over depreciation | - | - | - | (3,624) |
| Short-term timing differences | - | - | - | (373) |
| Pension provision | - | - | - | (17,375) |
| | - | - | - | (21,372) |

8. Tangible fixed assets

| | Leasehold improvements £000 | Machinery and motor vehicles £000 | Total £000 |
|------------------|-----------------------------------|--|---------------|
| Cost: | | | |
| At 1 May 2013 | 3,049 | 29,948 | 32,997 |
| Transfer | (3,049) | (29,948) | (32,997) |
| At 30 April 2014 | - | - | - |

| | Leasehold improvements £000 | Machinery and motor vehicles £000 | Total £000 |
|------------------|-----------------------------------|--|---------------|
| Depreciation: | | | |
| At 1 May 2013 | 2,719 | 24,995 | 27,714 |
| Transfer | (2,719) | (24,995) | (27,714) |
| At 30 April 2014 | - | - | - |
| Net book value: | | | |
| At 30 April 2014 | - | - | - |
| At 30 April 2013 | 330 | 4,953 | 5,283 |

Notes to the financial statements

at 30 April 2014

9. Tangible fixed assets (continued)

The net book value of tangible fixed assets includes the following:

| | 30 Apr 14 £000 | 30 Apr 13 £000 |
|--|-------------------|-------------------|
| Assets held for use in operating leases: | | |
| Cost | - | 10,539 |
| Depreciation | - | (8,567) |
| Net book value | - | 1,972 |

The net book value of leasehold improvements includes £nil (4 months ended 30 April 2013 – £332,000) in respect of leases with less than 50 years to run.

10. Stocks

| | 30 Apr 14 £000 | 30 Apr 13 £000 |
|----------------|-------------------|-------------------|
| Finished goods | - | 247 |
| Service stocks | - | 1,393 |
| | - | 1,640 |

11. Debtors

| | 30 Apr 14 £000 | 30 Apr 13 £000 |
|--------------------------------------|-------------------|-------------------|
| Amounts falling due within one year: | | |
| Trade debtors | - | 25,300 |
| Amounts due from group undertakings | - | 31,591 |
| Finance lease receivables | - | 18 |
| Other debtors | - | 540 |
| Prepayments | - | 1,976 |
| | - | 59,425 |
| Amounts falling due after one year: | | |
| Finance lease receivables | - | 11,298 |
| | - | 70,723 |

Notes to the financial statements

at 30 April 2014

13. Provision for liabilities

| | <i>Reorganisation</i> | <i>Asset retirement</i> | <i>Other</i> | <i>Total</i> |
|------------------|-----------------------|-------------------------|--------------|--------------|
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| 1 May 2013 | 1,149 | 699 | 212 | 2,060 |
| Transferred | (1,149) | (699) | (212) | (2,060) |
| At 30 April 2014 | - | - | - | - |

Reorganisation provisions related to provision for future restructuring costs. The asset retirement provisions related to provisions for future dilapidation costs of the properties. Other provisions related to staff long-service provisions. As part of the transfer agreement, all provisions for liabilities were transferred to Canon (UK) Limited.

14. Called up share capital

| <i>Authorised</i> | <i>No.</i> | <i>30 Apr 14</i> <i>£000</i> | <i>No.</i> | <i>30 Apr 13</i> <i>£000</i> |
|-----------------------------|-------------|---------------------------------|-------------|---------------------------------|
| Ordinary shares of 25p each | 260,000,000 | 65,000 | 260,000,000 | 65,000 |

| <i>Allotted, called up and fully paid</i> | <i>No.</i> | <i>30 Apr 14</i> <i>£000</i> | <i>No.</i> | <i>30 Apr 13</i> <i>£000</i> |
|---|-------------|---------------------------------|-------------|---------------------------------|
| Ordinary shares of 25p each | 247,519,253 | 61,880 | 247,519,253 | 61,880 |

Notes to the financial statements

at 30 April 2014

15. Movements on reserves

| | <i>Share premium account £000</i> | <i>Other reserves £000</i> | <i>Profit and loss account £000</i> |
|---------------------------------------|---|------------------------------------|---|
| At 30 April 2013 as previously stated | 41,906 | 200 | (127,954) |
| Loss for the period | - | - | - |
| At 30 April 2014 | <u>41,906</u> | <u>200</u> | <u>(127,954)</u> |

16. Reconciliation of Shareholders' Deficit

| | <i>30 Apr 14 £000</i> | <i>30 Apr 13 £000</i> |
|--|---------------------------|---------------------------|
| Loss for the financial year/period | - | (2,845) |
| Actuarial loss on pension scheme (note 17) | - | (16,691) |
| Net increase in shareholders' deficit | <u>-</u> | <u>(19,536)</u> |
| Opening shareholders' deficit | (23,968) | (4,432) |
| Closing shareholders' deficit | <u>(23,968)</u> | <u>(23,968)</u> |

17. Pensions

General

As part of the transfer agreement, all pension schemes were transferred to Canon (UK) Limited.

The two defined benefit schemes into which the company made contributions were:

The Océ (UK) Limited Pension Scheme ("the Océ Scheme – see below for details) which has been closed to new members since 23rd June 2004.

The Prudential Platinum Plan which had two members employed by the company. In view of the immaterial size of this scheme the directors do not consider that further disclosure is necessary.

Notes to the financial statements

at 30 April 2014

17. Pensions (continued)

The three defined contribution schemes into which the company made contributions are:

The Océ (UK) Limited Stakeholder Plan into which the company contributed £nil during the period (4 months ended 30 April 2013 - £166,643) and was set up in October 2005.

The Group Personal Pension Plan, arising from the acquisition of the Gretag Professional Imaging Group in 2001, which had one member.

A defined contribution pension policy with Clerical Medical into which the company made contributions on behalf of two employees.

As at 30 April 2014 contributions totalling £nil (4 months ended 30 April 2013 - £313,950) were payable to these pension arrangements.

The Océ Scheme

The assets of the Océ Scheme were held in a separate trustee fund administered by professional investment managers. The contributions were determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent triennial valuation, at 30 April 2010, showed that the market value of the Océ Scheme's assets was £122m and that the value of those assets represented 75 per cent of the actuarial value of benefits that had accrued to members, after allowing for expected future increases in earnings.

The key assumptions used to calculate the scheme liabilities under FRS 17 were:

| | 30 Apr 14 | 30 Apr 13 |
|--|-----------|-----------|
| | % | % |
| Rate of increase in salaries | - | 2.75 |
| Rate of increase in pensions in payment – pre April 1997 joiners | - | 3.00 |
| – from April 1997 to May 2005 joiners | - | 3.35 |
| – post May 2005 joiners | - | 2.00 |
| Discount rate | - | 4.00 |
| Inflation – RPI | - | 3.15 |
| Inflation – CPI | - | 2.25 |

In July 2010, the Government announced its intention that future statutory minimum pension indexation would be measured by the Consumer Price Index (CPI), rather than the Retail Price Index (RPI). This has been reflected in the company's assumptions and included in actuarial gains and losses in the reported figures. The change only affected a small proportion of the fund's benefits and so the impact of the change on the fund's liabilities is small.

Contributions to the scheme were being paid at a rate of 12% of pensionable earnings. In addition, the company had agreed a repayment schedule for the deficit with the Trustees. The overall expected rates of return were the weighted average return on the individual asset classes in which the scheme held investments at the balance sheet date.

Notes to the financial statements

at 30 April 2014

17. Pensions (continued)

The assets used in the scheme and the expected rate of return and the liabilities were:

| | <i>Market</i> | <i>30 Apr 14</i> | <i>Market</i> | <i>30 Apr 13</i> |
|-------------------------------------|---------------|------------------|---------------|------------------|
| | <i>value</i> | <i>Expected</i> | <i>value</i> | <i>Expected</i> |
| | <i>£000</i> | <i>return</i> | <i>£000</i> | <i>return</i> |
| | | <i>%</i> | | <i>%</i> |
| Scheme assets at fair value | | | | |
| Equities | - | - | 61,049 | 7.85 |
| Fixed interest Government Bonds | - | - | 18,325 | 2.80 |
| Fixed interest Corporate Bonds | - | - | 18,832 | 3.95 |
| Cash | - | - | 231 | 0.50 |
| Property | - | - | 9,308 | 7.60 |
| Other | - | - | 32,168 | 7.65 |
| Fair value of scheme assets | - | - | 139,913 | 6.05 |
| Present value of scheme liabilities | - | - | (226,786) | |
| Deficit in the scheme | - | | (86,873) | |

The pension plan had no material investment in any of the Group's own financial instruments or in properties or other assets used by the Group.

Analysis of the amount charged to operating result:

| | <i>30 Apr 14</i> | <i>4 months</i> |
|--|------------------|------------------|
| | <i>£000</i> | <i>Ended</i> |
| | | <i>30 Apr 13</i> |
| | | <i>£000</i> |
| Current service costs of defined benefit schemes | - | 597 |

Analysis of the amount charged to other finance income:

| | <i>30 Apr 14</i> | <i>4 months</i> |
|--|------------------|------------------|
| | <i>£000</i> | <i>Ended</i> |
| | | <i>30 Apr 13</i> |
| | | <i>£000</i> |
| Expected return on pension scheme assets | - | 2,544 |
| Interest on pension scheme liabilities | - | (2,906) |
| Net return | - | (361) |

Notes to the financial statements

at 30 April 2014

17. Pensions (continued)

Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL):

| | 30 Apr 14 £000 | 4 months Ended 30 Apr 13 £000 |
|---|-------------------|--|
| Actual return on assets during the year/period | - | 9,401 |
| Expected return on assets for the year/period | - | (2,544) |
| Actual return less expected return on pension scheme assets | - | 6,857 |
| Experience gain arising on scheme liabilities | - | 239 |
| Changes in assumptions underlying the present value of the scheme liabilities | - | (23,787) |
| Actuarial loss recognised in the STRGL | - | (16,691) |

Changes in the fair value of plan assets are analysed as follows:

| | 30 Apr 14 £000 | 4 months Ended 30 Apr 13 £000 |
|--------------------------------------|-------------------|--|
| Assets in scheme as at 1 May 2013 | 139,913 | 132,151 |
| Transferred to Canon (UK) Limited | (139,913) | - |
| Employer contribution | - | 17 |
| Employee contribution | - | 369 |
| Benefits paid | - | (2,025) |
| Expected return on plan assets | - | 2,544 |
| Asset under performance | - | 6,857 |
| Assets in scheme as at 30 April 2014 | - | 139,913 |

Changes in the present value of the defined benefit obligations are analysed as follows:

| | 30 Apr 14 £000 | 30 Apr 13 £000 |
|--|-------------------|-------------------|
| Present value of defined benefit obligations as at 1 May 2013 | (226,786) | (201,391) |
| Transferred to Canon (UK) Limited | 226,786 | - |
| Operating charge | - | (597) |
| Interest cost | - | (2,906) |
| Employee contributions | - | (369) |
| Benefits paid | - | 2,025 |
| Actuarial gain | - | 239 |
| Change in assumptions | - | (23,787) |
| Present value of defined benefit obligations as at 30 April 2014 | - | (226,786) |

Notes to the financial statements

at 30 April 2014

17. Pensions (continued)

The current recovery plan was agreed with the trustees of the scheme in February 2012 and stipulates a payment of £4m pa being made to the scheme by the company in monthly instalments from July 2013 onwards increasing by 3% on 1st January each year from 2014 onwards with the aim of reducing the deficit in the scheme by 31st December 2030. The company made a payment of £6m to the scheme in December 2011 representing pre-payment of all the contributions due in 2012 and half of those due in 2013.

History of experience gains and losses

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|--------|----------|---------|----------|---------|
| | £000 | £000 | £000 | £000 | £000 |
| Difference between actual and expected return on assets | | | | | |
| Amount (£000) | - | 6,857 | 4,773 | (6,341) | (274) |
| Percentage of scheme assets (%) | 0.0% | 4.9% | 3.6% | (5.0%) | (0.2%) |
| Experience gains and losses on liabilities: | | | | | |
| Amount (£000) | - | 239 | (1,650) | 1,314 | 558 |
| Percentage of scheme liabilities (%) | 0.0% | 0.1% | (0.8%) | 0.7% | 0.3% |
| Total amount recognised in the STRGL: | | | | | |
| Amount (£000) | - | (16,691) | (4,657) | (26,625) | (1,217) |
| Percentage of scheme liabilities (%) | (0.0%) | (7.4%) | (2.3%) | (14.2%) | (0.8%) |

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses is a net loss of £nil (4 months ended 30 April 2013 – loss of £91,912,000).

18. Other financial commitments

At 30 April 2014, the company had annual commitments under non-cancellable operating leases as set out below:

| | Apr 2014 | | 4 months Ended Apr 13 | |
|-------------------------------------|-----------------------|----------|-----------------------------|--------------|
| | Land and buildings | Other | Land and buildings | Other |
| | £000 | £000 | £000 | £000 |
| Operating leases which expire: | | | | |
| Within one year | - | - | 123 | 269 |
| Between two to five years inclusive | - | - | 151 | 1,267 |
| After five years | - | - | 700 | - |
| | <u>-</u> | <u>-</u> | <u>974</u> | <u>1,536</u> |

The majority of the company's leases for land and buildings were subject to rent review periods ranging between three and seven years. As part of the transfer agreement, all operating leases were transferred to Canon (UK) Limited.

Notes to the financial statements

at 30 April 2014

19. Related party transactions

The company has taken advantage of the exemption available to wholly owned subsidiaries under FRS 8 'Related Party Disclosures' not to disclose transactions with other Canon group companies. There were no other related party transactions.

20. Ultimate parent undertaking and controlling party

The largest Group into which the Company is consolidated is Canon Inc., a company incorporated in Japan, whose registered office is 30-2 Shimomatuko, 3-Chome, Ohta-Ku Tokyo, 146-8501, Japan.

The smallest Group into which the Company is consolidated is Canon Europa NV, a company incorporated in the Netherlands, whose registered address is Bovenkerkerweg 59-61, P.O.Box 22621180 EG Amstelveen, Netherlands.

The Company's immediate parent company is Canon (UK) Limited whose registered address is Woodhatch, Reigate, Surrey, RH2 8BF.

The financial statements of these companies are available from their registered offices, as stated above.