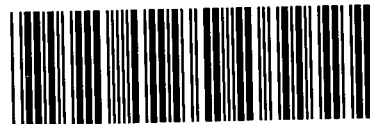


The Stationery Office Limited
Annual report
for the year ended 31 December 2013

Registered number 03049649

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for the year ended 31 December 2013**

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COMPANY INFORMATION

DIRECTORS

R S Coward
M A Pierleoni
S D Trood

COMPANY SECRETARY

Exel Secretarial Services Limited

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge UB8 1EX

BANKERS

Deutsche Bank AG
99 Bishopsgate
London EC2M 3XD

HSBC Bank PLC
PO Box 61004
London SE1 9RX

REGISTERED OFFICE

29 St John's Lane
London EC1M 4NA

STRATEGIC REPORT

for the year ended 31 December 2013

The directors present their strategic report on the company for the year ended 31 December 2013.

REVIEW OF THE BUSINESS

The company's principal activity is the provision of document management and publishing services to the public and private sectors.

Key performance indicators

The company's key financial and other performance indicators during the year were as follows:

	<i>2013</i> <i>£million</i>	<i>2012</i> <i>£million</i>	<i>Change</i> <i>%</i>
Turnover	52.4	55.2	-5.1
Operating profit before goodwill amortisation	13.9	16.4	-15.2
Goodwill amortisation	(0.6)	(0.6)	-
Operating profit after goodwill amortisation	13.3	15.8	-15.8
Profit on ordinary activities before taxation	14.5	18.6	-22.0

Turnover fell by 5.1% and operating profit before goodwill amortisation fell by 15.2% during the year. The company is embracing the government's strategy of "digital by default". Paper-based services are declining, as the company works with its clients to increase the amount of services it provides digitally. The company continues to innovate in service delivery and support clients in managing their communications more cost effectively through the provision of more digital services and less paper-based ones, leading to a decline in the company's revenue and profitability.

The company continues to evolve its digital capabilities in multimedia and other best practice solutions to support clients in managing their content effectively and to broaden the reach of its publishing activity. The company continues to have a very high level of success in retention of clients as it continues to provide a high quality service that meets their needs and expectations. Working with other companies within the Williams Lea and DHL group the breadth of outsourcing services the company is able to offer its clients to improve efficiency and reduce costs is substantially enhanced. These factors provide a solid foundation for the outlook of company performance in the longer term.

Principal risks and uncertainties and financial risk management

The company assesses risk at board level and through other operational boards. These boards meet on a regular basis, ranging from weekly to monthly. Group guidelines determine if identified risks require escalation within the broader Williams Lea and Deutsche Post AG group. The principal risks and uncertainties facing the company broadly relate to – competition, contract performance, financial instruments and credit and liquidity.

STRATEGIC REPORT

for the year ended 31 December 2013 (continued)

REVIEW OF THE BUSINESS (continued)

- *Competitive risk*

Public sector contracts in the UK require periodic competitive tender of contracts. Renewal of these contracts is uncertain and based on financial and performance criteria. The company has a proven track record in relation to contracts being renewed and places great emphasis on monitoring contractual performance.

- *Contract performance risk*

Many of the company's contracts require high levels of accuracy and service delivery. The company applies risk management procedures at all levels to understand and mitigate risks associated with potential failure in the supply chain and reports back to clients key performance indicators set against the corresponding service level agreements.

- *Interest rate cash flow risk*

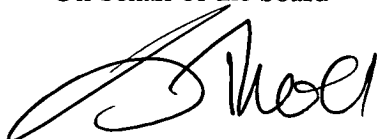
The company has interest bearing assets and liabilities which attract interest at fixed and floating rates. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

- *Exposure to credit and liquidity risk*

Credit risk is the risk that one party to a contract will cause a financial loss to the other party by failing to discharge its obligations. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The company provides credit facilities appropriate to the circumstances of the counter party and at the balance sheet date no debtor, other than other Deutsche Post AG group companies, owed an amount greater than £0.2 million (2012: £0.2 million).

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations, for example through applying cash collection targets throughout the company. The company also manages liquidity risk through its participation in the in-house banking arrangements of the Deutsche Post AG group (see note 13 to the financial statements).

On behalf of the board



S D Trood
Director

21 July 2014

DIRECTORS' REPORT

for the year ended 31 December 2013

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

RESULTS AND DIVIDENDS

The profit for the year transferred to reserves amounted to £10.6 million (2012: £14.0 million). The directors do not recommend the payment of a dividend (2012: interim dividend paid - £50.0 million).

DIRECTORS

The following directors held office during the year and up to the date of approval of the financial statements unless otherwise indicated:

R S Coward

C J Davey (resigned 31 May 2013)

P H Graham (resigned 31 May 2013)

M A Pierleoni

S D Trood

DIRECTORS' LIABILITIES

The company has indemnified the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and up to the date of approval of the financial statements.

FIXED ASSETS

The directors consider that the market value of the company's tangible fixed assets is not significantly different from their book value.

EMPLOYEE INVOLVEMENT

The company has a policy of providing employees with information through a newsletter and through The Stationery Office intranet. 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 company's bonus schemes.

EQUAL OPPORTUNITIES

The company is fully committed to a policy that provides all employees with equality of opportunity for employment, career development and selection on the basis of ability, qualifications and suitability for the job. Senior management, managers and employees are required to promote equality of opportunity and to take full account of the policy in their day to day work.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

DIRECTORS' REPORT

for the year ended 31 December 2013 (continued)

CREDITOR PAYMENT POLICY

It is the company's policy to negotiate with each of its supplier's terms of trade appropriate to the business, and to abide by those terms of payment once agreed.

At 31 December 2013, the company had an average of 12 days purchases (2012: 20 days) outstanding in trade creditors.

ENVIRONMENTAL POLICY

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

DONATIONS

No donations were made to any political organisation (2012: £nil). The company made charitable donations in support of local communities amounting to £4,587 (2012: £4,614).

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

DIRECTORS' REPORT

for the year ended 31 December 2013 (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(1) to (4) of the Companies Act 2006.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board



S D Trood
Director

21 July 2014

INDEPENDENT AUDITORS' REPORT
to the members of The Stationery Office Limited

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its 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.

This opinion is to be read in the context of what we say below.

What we have audited

The financial statements, which are prepared by The Stationery Office Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended;
- the statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT

to the members of The Stationery Office Limited (continued)

OPINION ON MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required 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
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT

to the members of The Stationery Office Limited (continued)

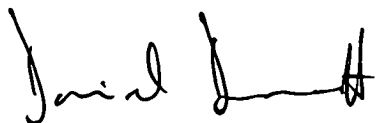
RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Daniel Dennett (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Uxbridge

21 July 2014

The Stationery Office Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2013

	<i>Note</i>	<i>2013</i> <i>£million</i>	<i>2012</i> <i>£million</i>
TURNOVER	2	52.4	55.2
Cost of sales		(13.0)	(14.0)
GROSS PROFIT		39.4	41.2
Selling and distribution expenses		(12.9)	(11.7)
Administrative expenses		(13.2)	(13.7)
OPERATING PROFIT	3	13.3	15.8
Income from investments		-	0.3
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		13.3	16.1
Interest receivable and similar income	6	1.8	2.9
Interest payable and similar charges	7	(0.3)	(0.3)
Other finance costs	21	(0.3)	(0.1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		14.5	18.6
Tax on profit on ordinary activities	8	(3.9)	(4.6)
PROFIT FOR THE FINANCIAL YEAR	20	10.6	14.0

All the company's activities are classed as continuing in the current and comparative year.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The Stationery Office Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2013

	<i>Note</i>	<i>2013</i> <i>£million</i>	<i>2012</i> <i>£million</i>
Profit for the financial year		10.6	14.0
Actuarial loss on pension scheme	21	(0.6)	(0.6)
Movement on deferred tax relating to pension liability		0.1	0.1
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		10.1	13.5

BALANCE SHEET
as at 31 December 2013

	<i>Note</i>	<i>2013</i> <i>£million</i>	<i>2012</i> <i>£million</i>
FIXED ASSETS			
Intangible assets	10	1.7	2.3
Tangible assets	11	4.1	3.2
		<u>5.8</u>	<u>5.5</u>
CURRENT ASSETS			
Stocks	13	0.7	0.9
Debtors - amounts falling due within one year: group treasury arrangement	14	96.1	84.2
- amounts falling due within one year: other	14	5.0	4.9
- amounts falling due after more than one year	14	54.2	54.6
Cash at bank and in hand		0.1	0.2
		<u>156.1</u>	<u>144.8</u>
CREDITORS: amounts falling due within one year	15	<u>(37.0)</u>	<u>(35.7)</u>
NET CURRENT ASSETS		<u>119.1</u>	<u>109.1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>124.9</u>	<u>114.6</u>
PROVISIONS FOR LIABILITIES	17	<u>(6.5)</u>	<u>(6.8)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>118.4</u>	<u>107.8</u>
PENSION LIABILITY	21	<u>(3.6)</u>	<u>(3.1)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>114.8</u>	<u>104.7</u>
CAPITAL AND RESERVES			
Called up share capital	18	19.2	19.2
Share premium account	19	19.8	19.8
Capital contribution reserve	19	6.2	6.2
Profit and loss account	19	69.6	59.5
TOTAL SHAREHOLDERS' FUNDS	20	<u>114.8</u>	<u>104.7</u>

The financial statements on pages 10 to 29 were approved by the board on 21 July 2014 and were signed on its behalf by:



S D Trood
Director

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with applicable United Kingdom accounting standards and in line with the Companies Act 2006. The principal accounting policies, which have been consistently applied, are set out below.

The financial statements contain information about The Stationery Office Limited as an individual company and do not contain consolidated financial information as the parent undertaking of a group. The company has taken advantage of the exemption under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it, and its subsidiary undertakings, are included by full consolidation in the consolidated financial statements of its ultimate parent company, Deutsche Post AG, which are publicly available (see note 23).

Cash flow statement

The company has taken advantage of the exemption available under FRS 1 (Revised), "Cash flow statements", not to prepare a cash flow statement on the basis that the cash flows of the company are included within the consolidated financial statements of its ultimate parent company, Deutsche Post AG, whose financial statements are publicly available (see note 23).

Revenue recognition

Publication sales are recognised upon despatch of goods to the customer. Where the company is contracted to provide goods or support services over a period of time, the associated revenue is accrued evenly over that period. Revenue from the provision of other services is recognised once delivery of those services is complete.

Goodwill

Goodwill on acquisitions is capitalised and amortised over the directors' estimate of its useful economic life. Goodwill is considered to have a useful economic life of up to a maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life, as follows:

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

No depreciation is charged on assets under construction.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows:

Raw materials and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on the normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Taxation

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All gains and losses are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under finance leases and hire purchase contracts are included as liabilities in the balance sheet. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals payable under operating leases are charged to income on a straight line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

1. **ACCOUNTING POLICIES** (continued)

Pensions

The company operates a defined benefit pension scheme which is closed to further accrual but which requires contributions to be made to a separately administered fund.

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 as part of staff costs if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets, net of the impact of the unwinding of the discounts on the scheme's liabilities, is shown within other finance income/costs. Actuarial gains and losses, including difference between expected and actual return on assets, are recognised immediately in the statement of total recognised gains and losses.

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. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

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.

Provisions

The company makes provision for liabilities when it has a legal or constructive obligation arising from a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where such obligations extend over a significant period of time (normally greater than two years), the liability is recorded on a discounted basis and the associated discounting costs are recorded within net interest payable and similar charges in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised upon becoming a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments

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

Trade debtors

Trade debtors are non-interest bearing and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value.

Interest-bearing borrowings

Interest-bearing borrowings are initially recorded at the proceeds received, net of associated transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

2. TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

During the year, the company operated in a single segment (document management and publishing services) and within one principal geographical market, the United Kingdom. Substantially all sales are made within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

3. OPERATING PROFIT

Operating profit is stated after charging:

	<i>2013</i> <i>£million</i>	<i>2012</i> <i>£million</i>
Auditors' remuneration:		
- Fees payable for the audit	0.1	0.1
Depreciation of tangible fixed assets:		
- Owned assets	0.9	0.7
Amortisation of goodwill	0.6	0.6
Operating lease rentals:		
- Plant and machinery	0.2	0.1
- Land and buildings	1.0	0.9
	<u> </u>	<u> </u>

4. DIRECTORS' EMOLUMENTS

	<i>2013</i> <i>£000</i>	<i>2012</i> <i>£000</i>
Aggregate emoluments	489	398
Aggregate amounts receivable under long-term incentive schemes	-	1,878
Company contributions to money purchase pension schemes	16	22
Compensation for loss of office	-	137
	<u> </u>	<u> </u>

Retirement benefits are accruing to two (2012: two) directors under money purchase pension schemes.

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

	<i>2013</i> <i>£000</i>	<i>2012</i> <i>£000</i>
Aggregate emoluments	262	96
Company contributions to money purchase pension schemes	1	9
	<u> </u>	<u> </u>

The Stationery Office Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

5. STAFF COSTS

	<i>2013</i>	<i>2012</i>
	<i>£million</i>	<i>£million</i>
Wages and salaries	11.0	11.1
Social security costs	1.1	1.2
Other pension costs (note 21)	0.8	0.9
	<u>12.9</u>	<u>13.2</u>

The average monthly number of persons (including directors) employed during the year was:

	<i>2013</i>	<i>2012</i>
	<i>Number</i>	<i>Number</i>
Sales and marketing	61	63
Production and distribution	129	142
Administration	133	127
	<u>323</u>	<u>332</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>2013</i>	<i>2012</i>
	<i>£million</i>	<i>£million</i>
Interest receivable from group undertakings	1.8	2.9
	<u>1.8</u>	<u>2.9</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>2013</i>	<i>2012</i>
	<i>£million</i>	<i>£million</i>
Unwinding of discount on provisions (note 17)	0.3	0.3
	<u>0.3</u>	<u>0.3</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) *Tax on profit on ordinary activities*

Analysis of tax charge in the year:

	2013 £million	2012 £million
<i>Current tax:</i>		
UK corporation tax on the profit for the year	3.4	4.3
Adjustments in respect of prior years	-	(0.1)
Total current tax	3.4	4.2
<i>Deferred tax:</i>		
Origination and reversal of timing differences	0.2	0.1
Pension contribution relief in excess of pension cost charge	-	0.1
Impact of change in tax rates	0.3	0.2
Total deferred tax	0.5	0.4
Tax charge on profit on ordinary activities	3.9	4.6

(b) *Factors affecting current tax charge*

The tax assessed on the profit on ordinary activities for the year is the same as (2012: lower than) the standard rate of corporation tax in the UK of 23.25% (2012: 24.50%). The differences are reconciled below:

	2013 £million	2012 £million
Profit on ordinary activities before tax	14.5	18.6
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.50%)	3.4	4.6
Effects of:		
Expenses not deductible for tax purposes	0.2	0.1
Non-taxable income	-	(0.1)
Accelerated capital allowances	(0.1)	(0.1)
Pension contribution relief in excess of net pension charge	-	(0.1)
Other timing differences	(0.1)	(0.1)
Adjustments in respect of prior periods	-	(0.1)
	3.4	4.2

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(c) *Factors that may affect future tax charges*

Significant timing differences are not anticipated for future periods.

During the year, as a result of the changes in the UK corporation tax rate to 21% that was substantively enacted on 2 July 2013 and will be effective from 1 April 2014; and to 20% that was substantively enacted on the same date and will be effective from 1 April 2015, the relevant deferred tax balances have been re-measured.

(d) *Deferred tax*

Analysis of deferred tax asset:

	2013 £million	2012 £million
Accelerated capital allowances	0.4	0.6
Other timing differences	1.4	1.6
Deferred tax asset excluding that relating to pension liability (note 14)	1.8	2.2
Deferred tax asset relating to pension liability (note 21)	0.9	0.9
Total deferred tax asset	2.7	3.1

Deferred taxation movement

	£million
At 1 January 2013	3.1
Charged to the profit and loss account (note 8a)	(0.5)
Credited to the statement of total recognised gains and losses	0.1
At 31 December 2013	2.7

9. DIVIDENDS

	2013 £million	2012 £million
Ordinary shares: 2012 interim paid (£0.026 per share)	-	50.0

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

10. INTANGIBLE ASSETS

	<i>£million</i>
Cost	
At 1 January 2013 and 31 December 2013	12.0
Accumulated amortisation	
At 1 January 2013	9.7
Charge for the year	0.6
At 31 December 2013	10.3
Net book value	
At 31 December 2013	1.7
At 31 December 2012	2.3

Intangible assets represent goodwill arising on acquisitions.

11. TANGIBLE ASSETS

	<i>Short leasehold buildings £million</i>	<i>Plant and machinery £million</i>	<i>Office equipment £million</i>	<i>Total £million</i>
Cost				
At 1 January 2013	1.7	4.0	4.5	10.2
Additions	-	0.1	1.8	1.9
Disposals	-	(0.7)	(0.1)	(0.8)
At 31 December 2013	1.7	3.4	6.2	11.3
Accumulated depreciation				
At 1 January 2013	0.2	3.9	2.9	7.0
Charge for the year	0.3	0.1	0.5	0.9
Disposals	-	(0.7)	-	(0.7)
At 31 December 2013	0.5	3.3	3.4	7.2
Net book value				
At 31 December 2013	1.2	0.1	2.8	4.1
At 31 December 2012	1.5	0.1	1.6	3.2

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

12. INVESTMENTS

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Nature of business</i>
TSO Property Limited	Property investment
Mexicoblade Limited	Non-trading
The Stationery Office Pension Trustees Limited	Non-trading
The Stationery Office Trustees Limited	Non-trading

All of the investments listed above are in ordinary shares and represent 100% of the allotted share capital of each company. The investments are carried at nil value. Each subsidiary undertaking is incorporated in the United Kingdom. All of the investments are directly owned.

13. STOCKS

	<i>2013</i> <i>£million</i>	<i>2012</i> <i>£million</i>
Work in progress	-	0.1
Finished goods and goods for resale	0.7	0.8
	<u>0.7</u>	<u>0.9</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

14. DEBTORS

<i>Due within one year</i>	<i>2013</i> <i>£million</i>	<i>2012</i> <i>£million</i>
Trade debtors	3.8	3.9
Other debtors	0.3	0.5
Prepayments and accrued income	0.9	0.5
	<u>5.0</u>	<u>4.9</u>
Amounts owed by group undertakings - group treasury arrangement	96.1	84.2
	<u>101.1</u>	<u>89.1</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

14. **DEBTORS** (continued)

	2013	2012
<i>Due after more than one year</i>	<i>£million</i>	<i>£million</i>
Amounts owed by group undertakings – inter-company loan	52.4	52.4
Deferred tax asset (note 8d)	1.8	2.2
	<u>54.2</u>	<u>54.6</u>

The company participates in the Deutsche Post AG group in-house banking arrangement. This arrangement is intended to optimise treasury activity across the Deutsche Post AG group whilst preserving or enhancing the liquidity of participating group companies. Funds within the group are pooled on a daily basis in the central in-house bank arrangement. Corresponding facilities are made available with the group's banks to preserve the cash liquidity of participating companies. Interest is credited at rates between 0.11% and 0.14% (2012: 0.13% and 0.21%).

Amounts owed by group undertakings – inter-company loan, is unsecured, attracts interest at LIBOR plus 0.6% and is repayable on 31 December 2015.

15. **CREDITORS:** amounts falling due within one year

	2013	2012
	<i>£million</i>	<i>£million</i>
Trade creditors	0.9	1.6
Amounts due to group undertakings	21.0	16.2
Corporation tax	3.4	4.3
Other tax and social security payable	0.3	2.0
Other creditors	0.1	0.2
Accruals	9.4	9.7
Deferred income	1.9	1.7
	<u>37.0</u>	<u>35.7</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

16. OBLIGATIONS UNDER LEASES

At 31 December, the company had annual commitments under non-cancellable operating leases expiring as follows:

	<i>Land and buildings</i>	
	<i>2013</i>	<i>2012</i>
	<i>£million</i>	<i>£million</i>
Within two to five years	0.1	0.1
After five years	1.0	1.0
	<u>1.1</u>	<u>1.1</u>

17. PROVISIONS FOR LIABILITIES

	<i>Future compen- sation payments £million</i>	<i>Onerous lease oblig- ations £million</i>	<i>Total £million</i>
At 1 January 2013	6.5	0.3	6.8
Unwinding of discount	0.3	-	0.3
Utilised	(0.5)	(0.1)	(0.6)
At 31 December 2013	<u>6.3</u>	<u>0.2</u>	<u>6.5</u>

Future compensation payments:

Provision for the discounted value of liabilities for future contracted compensation payments payable over the life of the recipients.

Onerous lease obligations provisions:

Provision for dilapidation obligations on leasehold properties arising from legal and regulatory requirements and for other onerous lease obligations. These obligations are payable over the term of the respective leases.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

18. CALLED UP SHARE CAPITAL

Authorised

	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>Number 000</i>	<i>Number 000</i>	<i>£million</i>	<i>£million</i>
Ordinary shares of 1p each	1,920,000	1,920,000	19.2	19.2

Allotted and fully paid

	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>Number 000</i>	<i>Number 000</i>	<i>£million</i>	<i>£million</i>
Ordinary shares of 1p each	1,920,000	1,920,000	19.2	19.2

19. RESERVES

	<i>Share premium account</i>	<i>Capital contribution reserve</i>	<i>Profit and loss account</i>
	<i>£million</i>	<i>£million</i>	<i>£million</i>
At 1 January 2013	19.8	6.2	59.5
Profit for the financial year	-	-	10.6
Actuarial loss on pension liability	-	-	(0.6)
Movement on deferred tax relating to pension liability	-	-	0.1
At 31 December 2013	19.8	6.2	69.6

	<i>2013</i>	<i>2012</i>
	<i>£million</i>	<i>£million</i>
Profit and loss account excluding pension liability	73.2	62.6
Amount relating to defined benefit pension liability (note 21)	(3.6)	(3.1)
Profit and loss account	69.6	59.5

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>2013</i>	<i>2012</i>
	<i>£million</i>	<i>£million</i>
Profit for the financial year	10.6	14.0
Dividends (note 9)	-	(50.0)
Other recognised gains and losses relating to the year (net)	(0.5)	(0.5)
Net addition to/(reduction in) shareholders' funds	10.1	(36.5)
Opening shareholders' funds	104.7	141.2
Closing shareholders' funds	114.8	104.7

21. PENSION COMMITMENTS

The company operates a pension scheme, The Stationery Office Pension Plan, established on 1 February 2003 and funded by the payment of contributions to a separately administered trust fund. It combines elements of both defined benefit and defined contribution schemes, with entitlements structured on employees' age and service. The defined benefit section of the scheme is closed to further accrual.

The company also contributes to a group personal pension arrangement and to employees' own personal pension arrangements for staff recruited since 30 September 1996 at rates varying between 6% and 12.5% of pensionable earnings. The company made contributions of £0.8 million (2012: £0.9 million) to defined contribution arrangements in the year. At the balance sheet date contributions of £nil million (2012: £nil million) were outstanding.

FRS 17 Disclosures

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 31 December 2012, updated to 31 December 2013 by a qualified independent actuary. Scheme assets are stated at their fair values at the respective balance sheet dates.

The valuation assumptions adopted for FRS 17 disclosures are as follows:

	<i>2013</i>	<i>2012</i>	<i>2010</i>
Long term inflation assumption	2.75%	2.50%	2.50%
Rate of increase in salaries	n/a	n/a	n/a
Rate of increase in pensions in payment	2.75%	2.50%	2.50%
Rate of increase in pensions in deferment	2.75%	2.50%	2.50%
Discount rate	4.50%	4.50%	4.75%

The long term inflation and pension increases assumptions are based on CPI (2012: CPI).

The Stationery Office Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

21. PENSION COMMITMENTS (continued)

The post-retirement mortality assumptions used are based on the S1PA CMI_2012 0.5% (2012: S1PA CMI_2009 0.5%) standard tables and are as follows:

	2013 Years	2012 Years
Longevity at age 65 for current pensioners		
- Men	21.6	21.3
- Women	23.8	23.3
Longevity at age 65 for future pensioners (based on members currently aged 45)		
- Men	22.2	21.9
- Women	24.6	24.1

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:

	2013		2012		2011	
	<i>Long term</i> <i>rate of return</i> <i>expected</i>	<i>Value</i> <i>£million</i>	<i>Long term</i> <i>rate of return</i> <i>expected</i>	<i>Value</i> <i>£million</i>	<i>Long term</i> <i>rate of return</i> <i>expected</i>	<i>Value</i> <i>£million</i>
Equities	n/a	-	n/a	-	n/a	-
Bonds	n/a	-	n/a	-	n/a	-
Target return fund	5.5%	11.1	6.0%	11.0	6.0%	10.8
Cash and others	n/a	-	n/a	-	n/a	-
Total market value of assets		11.1		11.0		10.8
Present value of scheme liabilities		(15.6)		(15.0)		(14.4)
Deficit in the scheme		(4.5)		(4.0)		(3.6)
Related deferred tax asset		0.9		0.9		0.9
Net pension deficit		(3.6)		(3.1)		(2.7)

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

21. PENSION COMMITMENTS (continued)

The company has agreed with the trustees to make additional contributions to the scheme of £250,000 per annum for the next four years and £190,000 per annum for the following three years to make good the deficit. Contributions of £360,000, including an allowance of £110,000 for administration expenses, are expected to be paid during the financial year ending 31 December 2014.

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

	2013 £million	2012 £million
At 1 January	15.0	14.4
Interest cost	0.7	0.6
Actuarial losses	0.6	0.5
Benefits paid	(0.7)	(0.5)
At 31 December	15.6	15.0

Sensitivity analysis of scheme liabilities

The sensitivity of the present value of scheme liabilities to changes in the principal assumptions used is set out below.

	Change in assumption	Impact on scheme liabilities
Long term inflation assumption	Increase/decrease by 1%	Increase/decrease by 15%
Rate of increase in pensions in payment	Increase/decrease by 1%	Increase/decrease by 13%
Rate of increase in pensions in deferment	Increase/decrease by 1%	Increase/decrease by 2%
Discount rate	Increase/decrease by 1%	Decrease/increase by 15%
Mortality	Increase/decrease by 1 year	Increase/decrease by 2.5%

Changes in the fair value of the scheme's assets are as follows:

	2013 £million	2012 £million
At 1 January	11.0	10.8
Expected return	0.4	0.5
Actuarial losses	-	(0.1)
Benefits paid	(0.7)	(0.5)
Contributions paid by employer	0.4	0.3
At 31 December	11.1	11.0

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013 (continued)

21. PENSION COMMITMENTS (continued)

The amounts charged to profit or loss are as follows:

	<i>2013</i> <i>£million</i>	<i>2012</i> <i>£million</i>
Expected return on pension scheme assets	0.4	0.5
Interest on pension scheme liabilities	(0.7)	(0.6)
Total	(0.3)	(0.1)

Amounts for the current and previous four periods are as follows:

<i>(£million)</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Defined benefit obligation	(15.6)	(15.0)	(14.4)	(13.6)	(19.9)
Scheme assets	11.1	11.0	10.8	10.8	16.7
Deficit	(4.5)	(4.0)	(3.6)	(2.8)	(3.2)
Experience adjustments on scheme assets	-	(0.1)	(0.3)	0.1	1.8
Experience adjustments on scheme liabilities	(0.3)	-	-	-	(0.2)
Total actuarial gains and losses recognised in STRGL	(0.6)	(0.6)	(0.8)	(1.0)	(1.2)

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 'Related party disclosures' from disclosing transactions with other wholly-owned group undertakings.

23. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Williams Lea Group Limited. The directors consider that the company's ultimate parent undertaking and controlling party is Deutsche Post AG.

Deutsche Post AG is the parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the group financial statements of Deutsche Post AG can be obtained from Deutsche Post World Net, Zentrale – Investor Relations, 53250 Bonn, Germany.