

**RR DONNELLEY GLOBAL DOCUMENT
SOLUTIONS GROUP LIMITED**

**Annual report and financial statements
for the year ended 31 December 2014**

Registered number: 6711794



RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2014

| CONTENTS | Page |
|--|-------------|
| Officers and professional advisers | 1 |
| Strategic report | 4 |
| Directors' report | 4 |
| Independent auditor's report | 6 |
| Consolidated profit and loss account | 8 |
| Consolidated statement of total recognised gains and losses | 9 |
| Consolidated balance sheet | 10 |
| Company balance sheet | 11 |
| Notes to the financial statements | 12 |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2014

OFFICERS AND PROFESSIONAL ADVISORS

Directors

J S Farmer
M S Gordon
K T Woor

Secretary

J Dally

Registered office

Tower Close
Huntingdon
Cambridgeshire PE29 7YD

Bankers

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

Solicitors

Eversheds
Kett House
Station Road
Cambridge CB1 2JY

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

STRATEGIC REPORT

The directors, in preparing this strategic report, have complied with Section 414C of the Companies Act 2006. The directors present this strategic report and the audited financial statements for the year ended 31 December 2014.

Business review and future prospects

The principal activities of the Group and Company are the provision of document and business process outsourcing services. The directors are not aware at the date of this report of any likely major changes in the Group's or Company's activities in the next year.

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

As shown in the consolidated profit and loss account on page 8, the Group's sales have shown a decrease of 9.2% (2013 - decrease 17.4%) over the prior year. This decrease is due to the loss of two client contracts, one of which had significant pass-through revenue, together with net volume decreases on other contracts. Group operating profit before goodwill amortisation and exceptional items (Note 5) decreased by 55.1% (2013 - decrease 4.0%) from £8.2m to £3.7m, as a result of the above revenue reductions, together with a £0.8m increase in selling, distribution and administrative costs. The Group operating loss for the year was £0.7m (2013 - profit £2.6m). Retained loss transferred to reserves was £1.2m (2013 - loss £0.4m).

The consolidated balance sheet on page 10 of the financial statements shows the Group's financial position at the year-end. During the year the Group's average debtor days have remained at 55 days, average creditor days have increased from 55 to 62, and annual stock turnover has increased to 67 from 58.

The average monthly number of persons employed by the Group has decreased by 12.1% (2013 - decrease 4.5%) during the year. Employee numbers vary as contracts are won or expire.

On 21 January 2014 the Company's majority shareholder, RR Donnelley Holdings BV, acquired the 40.67% of the Company's issued share capital which was not owned by it from RRD GDS Ltd, making the Company a 100% subsidiary of RR Donnelley Holdings BV.

In March 2014 the Company undertook a restructuring of its debt and capital significantly strengthening the Company's balance sheet. On 14 March 2014 the Company issued 53,170,457 ordinary £1 shares, fully paid up, as a bonus issue from share premium, increasing the Company's issued share capital to £53,270,458. On 14 March 2014 the Company also issued a further 54,851,768 ordinary shares of £1 each to its sole shareholder, RR Donnelley Holdings BV, fully paid up and settled by way of set-off against sums due by the Company to RR Donnelley Holdings BV, increasing the Company's share capital to £108,122,226. On 17 March 2014 the Company carried out a capital reduction reducing its share capital by £58,122,226 and increasing retained earnings by the same amount, leaving the Company with an issued and fully paid share capital of £50,000,000.

Going concern

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

Financial risk management

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

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

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

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

STRATEGIC REPORT (continued)

Financial risk management (continued)

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

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

Approved by the Board of Directors on 30 March 2015 and signed on its behalf by



K T Woor
Director

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Environmental policy

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

Employee involvement

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

Employment of disabled persons

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

Payments to suppliers

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

Dividends

The Company paid an interim dividend of 8 pence per ordinary share for the year ended 31 December 2014 (2013 - £nil).

Charitable and political donations

Charitable donations amounting to £18,972 were made during the year to the following recipients:

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

(In 2013 donations amounting to £13,690 were made during the year to the following recipients: 5th Urmston Scout Group £500; Action for Children £1,000; British Stammering Association £430; Cancer Research UK £250; Caudwell Children's Charity £1,000; Chestnut Tree House Children's Hospice £200; Children's Hospice South West £100; Comic Relief £4,500; Drakes Broughton Village Hall £500; Flight Cadets £500; Gloucester City Hockey Club £300; Great Ormond Street Hospital for Children £250; Great Western Air Ambulance Charity £250; Heron Ranger Guides £1,500; Hurstwood Park League of Friends £100; Motor Neurone Disease Association £500; NACC Brighton & West Sussex Group £100; NSPCC £100; Ramsey Cricket Club £350; RSPCA Blackberry Farm £100; Ruskin Mill Trust £750; Save the Children £250; St Elizabeth Medical Centre £60, and Winston's Wish £100).

There were no political donations (2013 - £nil).

Directors

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

J S Farmer

M S Gordon

K T Woor

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT (continued)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Auditor

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

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 30 March 2015 and signed on its behalf by



K T Woor
Director

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

We have audited the group and individual company financial statements (the "financial statements") of RR Donnelley Global Document Solutions Group Limited for the year ended 31 December 2014 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, and the related notes 1 to 30. 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).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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



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

Cambridge, United Kingdom

01 April 2015

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2014

| | Note | Before goodwill amortisation and exceptional items 2014 £'000 | Goodwill amortisation and exceptional items 2014 Note 5 £'000 | Total 2014 £'000 | Before goodwill amortisation and exceptional items 2013 £'000 | Goodwill amortisation and exceptional items 2013 Note 5 £'000 | Total 2013 £'000 |
|---|------|--|---|---------------------|--|---|---------------------|
| Turnover | 2 | 215,058 | - | 215,058 | 236,863 | - | 236,863 |
| Cost of sales | | (188,756) | - | (188,756) | (206,837) | - | (206,837) |
| Gross profit | | 26,302 | - | 26,302 | 30,026 | - | 30,026 |
| Selling and distribution costs | | (3,317) | - | (3,317) | (3,128) | - | (3,128) |
| Administrative expenses | | (19,312) | (4,336) | (23,648) | (18,714) | (5,581) | (24,295) |
| Operating (loss)/profit | | 3,673 | (4,336) | (663) | 8,184 | (5,581) | 2,603 |
| Share of associate's operating profit | 14 | 1,526 | - | 1,526 | 979 | - | 979 |
| Profit on ordinary activities before finance charges | | 5,199 | (4,336) | 863 | 9,163 | (5,581) | 3,582 |
| Interest receivable and similar income | 6 | 164 | - | 164 | 240 | - | 240 |
| Interest payable and similar charges | 7 | (328) | - | (328) | (2,114) | - | (2,114) |
| Profit on ordinary activities before taxation | 4 | 5,035 | (4,336) | 699 | 7,289 | (5,581) | 1,708 |
| Tax on profit on ordinary activities | 8 | (2,037) | - | (2,037) | (2,380) | - | (2,380) |
| Loss on ordinary activities after taxation | | 2,998 | (4,336) | (1,338) | 4,909 | (5,581) | (672) |
| Minority interests | 24 | 173 | - | 173 | 262 | - | 262 |
| Loss for the financial year transferred to reserves | 23 | 3,171 | (4,336) | (1,165) | 5,171 | (5,581) | (410) |

All activities derive from continuing operations.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
Year ended 31 December 2014

| | Note | 2014 £'000 | 2013 £'000 |
|---|------|-------------------|-------------------|
| Loss for the year | | (1,165) | (410) |
| Currency translation difference on foreign currency net investments | | (39) | (1,026) |
| Actuarial (loss)/gain relating to pension scheme liabilities | 26 | (2,140) | 396 |
| Exchange gain/(loss) relating to the pension scheme | 26 | 166 | (52) |
| UK deferred tax attributable to actuarial loss/(gain) | | 413 | (97) |
| | | <u> </u> | <u> </u> |
| Total losses relating to the year | | <u>(2,765)</u> | <u>(1,189)</u> |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

CONSOLIDATED BALANCE SHEET 31 December 2014

| | Note | 2014 £'000 | 2013 £'000 |
|--|-------|----------------------|----------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 31,998 | 35,610 |
| Tangible assets | 13 | 16,482 | 19,924 |
| Investment in Associates | 14 | 4,269 | 7,431 |
| | | <u>52,749</u> | <u>62,965</u> |
| Current assets | | | |
| Stocks | 15 | 2,798 | 3,551 |
| Debtors due within one year | 16 | 49,169 | 50,984 |
| Debtors due after more than one year | 16 | 5,015 | 7,022 |
| Deferred tax due after more than one year | 17 | 2,969 | 2,316 |
| Cash at bank and in hand | | 24,920 | 26,501 |
| | | <u>84,871</u> | <u>90,374</u> |
| Creditors: amounts falling due within one year | 18 | <u>(55,979)</u> | <u>(57,871)</u> |
| Net current assets | | <u>28,892</u> | <u>32,503</u> |
| Total assets less current liabilities | | <u>81,641</u> | <u>95,468</u> |
| Creditors: amounts falling due after more than one year | 19 | <u>(5,473)</u> | <u>(68,245)</u> |
| Provisions for liabilities | 21 | <u>(1,780)</u> | <u>(1,552)</u> |
| Net assets excluding pension liability | | <u>74,388</u> | <u>25,671</u> |
| Defined benefit pension liability (net of deferred tax) | 26 | <u>(2,324)</u> | <u>(1,671)</u> |
| Net assets including pension liability | | <u><u>72,064</u></u> | <u><u>24,000</u></u> |
| Capital and reserves | | | |
| Called up share capital | 22/23 | 50,000 | 100 |
| Share premium account | 23 | - | 53,170 |
| Currency translation reserve | 23 | 329 | 202 |
| Profit and loss account | 23 | 22,343 | (29,037) |
| Shareholders' funds | 23 | <u>72,672</u> | <u>24,435</u> |
| Minority interests | 24 | <u>(608)</u> | <u>(435)</u> |
| Total capital employed | | <u><u>72,064</u></u> | <u><u>24,000</u></u> |

The financial statements of RR Donnelley Global Document Solutions Group Limited, registered number 6711794, were approved by the board of directors and authorised for issue on 30 March 2015, and signed on its behalf by:



K T Woor
Director

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

COMPANY BALANCE SHEET 31 December 2014

| | Note | 2014 £'000 | 2013 £'000 |
|--|-------|----------------------|----------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 26,770 | 29,942 |
| Tangible assets | 13 | 10,946 | 15,793 |
| Investments | 14 | 20,184 | 19,596 |
| | | <u>57,900</u> | <u>65,331</u> |
| Current assets | | | |
| Stocks | 15 | 2,125 | 2,782 |
| Debtors due within one year | 16 | 39,106 | 40,241 |
| Debtors due after more than one year | 16 | 4,860 | 7,973 |
| Deferred tax due after more than one year | 17 | 2,865 | 2,643 |
| Cash at bank and in hand | | 22,170 | 21,910 |
| | | <u>71,126</u> | <u>75,549</u> |
| Creditors: amounts falling due within one year | 18 | <u>(51,808)</u> | <u>(53,669)</u> |
| Net current assets | | <u>19,318</u> | <u>21,880</u> |
| Total assets less current liabilities | | <u>77,218</u> | <u>87,211</u> |
| Creditors: amounts falling due after more than one year | 19 | <u>(4,434)</u> | <u>(67,044)</u> |
| Provisions for liabilities | 21 | <u>(1,108)</u> | <u>(1,465)</u> |
| Net assets | | <u><u>71,676</u></u> | <u><u>18,702</u></u> |
| Capital and reserves | | | |
| Called up share capital | 22/23 | 50,000 | 100 |
| Share premium account | 23 | - | 53,170 |
| Profit and loss account | 23 | 21,676 | (34,568) |
| Shareholders' funds | 23 | <u><u>71,676</u></u> | <u><u>18,702</u></u> |

The financial statements of RR Donnelley Global Document Solutions Group Limited, registered number 6711794, were approved by the board of directors and authorised for issue on 30 March 2015, and signed on its behalf by:



K T Woor
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the current and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

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

Going concern

The directors have considered the financing requirements of the Company and Group for a period of at least twelve months from the date of approval of these financial statements. Forecasts are based on expected future trading performance and working capital requirements with particular attention being paid to the forecast revenue levels, forecast operating expenses and the forecast cash flows. These are all key to the on-going ability of the Company and Group to continue trading under normal circumstances. Based on this assessment, and in view of the restructuring of the Company's capital that occurred during the year as described in note 22, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for at least that period. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Cash flow statement

The Company has taken advantage of the exemption under paragraph 1 of Financial Reporting Standard 1 Revised and has not prepared a cash flow statement. A consolidated cash flow statement is included in the financial statements of the ultimate parent company, RR Donnelley & Sons Company, for whom consolidated financial statements are publicly available.

Acquisitions

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

Goodwill

Positive goodwill on acquisitions, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised over the directors' estimate of its useful economic life up to a maximum of 20 years. The directors consider 20 years as a reasonable maximum for the estimated life of goodwill.

Minority interests

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

The minority interest in the capital and post acquisition profits of RR Donnelley Imprimerie Nationale SAS are shown in the consolidated profit and loss account, the consolidated balance sheet, and note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

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

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

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the dates of the transactions or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account. Exchange differences accumulated through the statement of total recognised gains and losses are transferred to the profit and loss account on disposal of the overseas operation.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investments

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

Associates

Investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of associates' profits less losses while the Group's share of the net assets of the associates is shown in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Finance costs

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

Pensions

The Group operates four pension schemes, three in the United Kingdom and one in Switzerland. One has both a defined benefit element and a defined contribution element; two comprise a defined benefit element only; the other one comprises a defined contribution element only. Regular contributions have been made to the defined benefit element of the combined scheme by the Company since October 2002. In the current year regular contributions were made at the rate of £58,850 per month from 1 January to 31 March and £85,665 per month from 1 April to 31 December (2013 - £58,850 per month). An additional one-off payment of £414,174 was made during the year in accordance with the new schedule of contributions effective from January 2013. The difference between the amount funded and the actuarially calculated liability is treated as a provision in the balance sheet.

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

The Group also operates a defined benefit pension plan in Switzerland, to which it contributed £431,000 during the year (2013 - £465,000).

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

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

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

Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

Turnover

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

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

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

Capital instruments

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

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

Share-based payment

The Group has applied the requirements of FRS 20 "Share-based Payment".

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

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and behavioural considerations.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. SEGMENTAL REPORTING

Classes of business

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

| | Transactional Print and Mail | | Inbound Document Management | | Design and Print Management | | Total | |
|--|---------------------------------|----------------|--------------------------------|---------------|--------------------------------|-----------------|-----------------|-----------------|
| | 2014 £'000 | 2013 £'000 | 2014 £'000 | 2013 £'000 | 2014 £'000 | 2013 £'000 | 2014 £'000 | 2013 £'000 |
| Turnover | | | | | | | | |
| Total sales | 103,468 | 120,929 | 44,209 | 40,671 | 75,274 | 82,737 | 222,951 | 244,337 |
| Inter segment sales | (5,027) | (5,033) | (2,020) | (1,603) | (846) | (838) | (7,893) | (7,474) |
| Sales to third parties | <u>98,441</u> | <u>115,896</u> | <u>42,189</u> | <u>39,068</u> | <u>74,428</u> | <u>81,899</u> | <u>215,058</u> | <u>236,863</u> |
| Exceptional items and goodwill | (1,811) | (2,229) | (1,427) | (1,642) | (1,098) | (1,710) | (4,336) | (5,581) |
| Operating (loss)/profit | | | | | | | | |
| Segment operating (loss)/ profit | (2,439) | 202 | 3,046 | 801 | (1,270) | 1,600 | (663) | 2,603 |
| Share of associate's operating profit | - | - | 1,526 | 979 | - | - | 1,526 | 979 |
| (Loss)/profit on ordinary activities before finance charges | <u>(2,439)</u> | <u>202</u> | <u>4,572</u> | <u>1,780</u> | <u>(1,270)</u> | <u>1,600</u> | <u>863</u> | <u>3,582</u> |
| Finance charges – net | | | | | | | (164) | (1,874) |
| Profit on ordinary activities before taxation | | | | | | | <u>699</u> | <u>1,708</u> |
| Net assets -excluding non - operating assets/(liabilities) | <u>65,165</u> | <u>56,840</u> | <u>12,995</u> | <u>12,833</u> | <u>17,582</u> | <u>(39,209)</u> | <u>95,742</u> | <u>30,464</u> |
| Share of associate's net assets | <u>-</u> | <u>-</u> | <u>4,269</u> | <u>7,431</u> | <u>-</u> | <u>-</u> | <u>4,269</u> | <u>7,431</u> |
| Non - operating liabilities | | | | | | | <u>(27,947)</u> | <u>(13,895)</u> |
| Net assets | | | | | | | <u>72,064</u> | <u>24,000</u> |

Finance charges – net (Notes 6 and 7) are common costs that are not allocated across segments as they relate principally to interest payable on loans from group companies.

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

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. SEGMENTAL REPORTING (continued)

Geographical segments

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

| | United Kingdom | | Rest of Europe | | Rest of the world | | Total | |
|--|----------------|---------|----------------|--------|-------------------|-------|----------|----------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Turnover | 167,355 | 189,262 | 47,703 | 46,799 | - | 802 | 215,058 | 236,863 |
| Exceptional items and goodwill | (3,981) | (5,027) | (355) | (554) | - | - | (4,336) | (5,581) |
| Operating (loss)/profit | | | | | | | | |
| Segment operating (loss)/profit | (1,110) | 2,772 | 493 | (40) | (46) | (129) | (663) | 2,603 |
| Share of associate's operating profit | - | - | - | - | 1,526 | 979 | 1,526 | 979 |
| Loss/(profit) on ordinary activities before finance charges | (1,110) | 2,772 | 493 | (40) | 1,480 | 850 | 863 | 3,582 |
| Finance charges – net | | | | | | | (164) | (1,874) |
| Profit on ordinary activities before taxation | | | | | | | 699 | 1,708 |
| Net assets excluding non - operating assets/(liabilities) | 89,532 | 23,118 | 5,447 | 6,571 | 763 | 775 | 95,742 | 30,464 |
| Share of associate's net assets | - | - | - | - | 4,269 | 7,431 | 4,269 | 7,431 |
| Non - operating liabilities | | | | | | | (27,947) | (13,895) |
| Net assets | | | | | | | 72,064 | 24,000 |

Turnover by origin and by destination are not materially different.

Finance charges – net (Notes 6 and 7) are common costs that are not allocated across segments as they relate principally to interest payable on loans from group companies

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

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| | 2014 £ | 2013 £ |
|---|----------------|----------------|
| Directors' remuneration | | |
| Emoluments | 885,883 | 717,834 |
| Money purchase pension contributions | 32,377 | 45,320 |
| | <u>918,260</u> | <u>763,154</u> |
| The amounts in respect of the highest paid director are as follows: | | |
| Emoluments | <u>515,402</u> | <u>384,757</u> |
| Company contributions paid to money purchase pension schemes in respect of highest paid director | <u>6,201</u> | <u>24,805</u> |
| Number of directors who are members of money purchase pension schemes. No directors were members of defined benefit pension schemes in the current or previous years. | No <u>3</u> | No <u>3</u> |

| | Group | | Company | |
|---|--------------|--------------|----------------|--------------|
| | 2014 No | 2013 No | 2014 No | 2013 No |
| Average monthly number of persons employed (including directors) was | | | | |
| Sales and marketing | 54 | 57 | 16 | 16 |
| Production and distribution | 1,552 | 1,795 | 1,267 | 1,384 |
| Administration | 287 | 301 | 255 | 252 |
| | <u>1,893</u> | <u>2,153</u> | <u>1,538</u> | <u>1,652</u> |

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | 2014 £'000 | 2013 £'000 | 2014 £'000 | 2013 £'000 |
| Staff costs during the year (including directors) | | | | |
| Wages and salaries | 65,125 | 69,537 | 49,490 | 52,918 |
| Social security costs | 6,118 | 6,613 | 4,448 | 4,593 |
| Other pension costs | 2,772 | 2,992 | 2,017 | 2,088 |
| Share based payments | 150 | 170 | 150 | 170 |
| Social security costs related to share based payments | 15 | 17 | 15 | 17 |
| | <u>74,180</u> | <u>79,329</u> | <u>56,120</u> | <u>59,786</u> |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2014 £'000 | 2013 £'000 |
|---|-------------------|-------------------|
| Profit on ordinary activities before taxation is stated after charging: | | |
| Amortisation of goodwill | 3,612 | 3,611 |
| Depreciation | | |
| Owned assets | 7,036 | 7,277 |
| Operating lease rentals | | |
| Plant and machinery | 2,705 | 3,794 |
| Land and buildings | 3,114 | 3,214 |
| | <u> </u> | <u> </u> |
| The analysis of auditor's remuneration is as follows: | | |
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | 250 | 281 |
| Fees payable to the Company's auditor and their associates for other services to the Group | | |
| - The audit of the Company's subsidiaries pursuant to legislation | 92 | 81 |
| | <u> </u> | <u> </u> |
| | 342 | 362 |
| | <u> </u> | <u> </u> |

5. GOODWILL AMORTISATION AND EXCEPTIONAL ITEMS

| | 2014 £'000 | 2013 £'000 |
|--|-------------------|-------------------|
| Recognised in arriving at operating profit: | | |
| Redundancy costs | 544 | 1,570 |
| Reorganisation costs | 180 | 400 |
| Amortisation of goodwill (Note 12) | 3,612 | 3,611 |
| | <u> </u> | <u> </u> |
| Total of goodwill and exceptional items | 4,336 | 5,581 |
| | <u> </u> | <u> </u> |

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

6. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2014 £'000 | 2013 £'000 |
|--------------------------|-------------------|-------------------|
| Bank interest receivable | 164 | 240 |
| | <u> </u> | <u> </u> |

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2014 £'000 | 2013 £'000 |
|---|-------------------|-------------------|
| Interest payable on bank loans and overdrafts | - | 32 |
| Interest payable to group companies | 328 | 2,082 |
| | <u> </u> | <u> </u> |
| | 328 | 2,114 |
| | <u> </u> | <u> </u> |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Current tax | | |
| United Kingdom corporation tax at 21.5% (2013 – 23.25%) based on the profit for the year | 825 | 1,386 |
| Adjustment in respect of prior years | (26) | 16 |
| Foreign tax for the current year | 1,571 | 591 |
| | <u>2,370</u> | <u>1,993</u> |
| Deferred tax | | |
| Adjustment in respect of prior years | (125) | 335 |
| Timing differences, origination and reversal | (208) | 52 |
| | <u>2,037</u> | <u>2,380</u> |

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 21.5% (2013 - 23.25%). The actual tax charge for the current and previous year differs from the standard tax rate for the reasons set out in the following reconciliation.

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax | 699 | 1,708 |
| Tax charge on ordinary activities at standard rate of 21.5% (2013 – 23.25%) | 150 | 398 |
| Factors affecting charge for the year: | | |
| Expenses not deductible for tax purposes | 325 | 569 |
| Capital allowances in deficit of depreciation | 302 | 231 |
| Income not taxable | (253) | (305) |
| Difference in overseas tax rates | 860 | (18) |
| Amortisation and impairment of goodwill | 777 | 841 |
| Loss not recognised | 235 | 261 |
| Adjustment in respect of prior years | (26) | 16 |
| | <u>2,370</u> | <u>1,993</u> |

The Finance Act 2014, which provides for a reduction in the main rate of corporation tax from 21% to 20% from 1 April 2015, was substantively enacted on 17 July 2014. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

9. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £3,062,000 (2013 - £8,034,000).

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

10. DIVIDENDS ON EQUITY SHARES

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Amounts recognised as distributions to equity holders in the year: | | |
| Interim dividend for the year ended 31 December 2014 of 8p (2013 – nil) per ordinary share | 4,000,000 | - |

11. SHARE BASED PAYMENTS

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

D) Equity-settled share awards

Once awards are granted, shares are issued to employees for free after the vesting period. The share awards vest in four equal tranches after one, two, three and four years. Awards are forfeited if the employee leaves the Group before the awards vest.

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

| | 2014 | | 2013 | |
|------------------------------------|------------------------------|---|------------------------------|---|
| | Number of share grants | Weighted average share price £ | Number of share grants | Weighted average share price £ |
| Outstanding at beginning of year | 38,875 | 8.65 | 36,625 | 11.56 |
| Granted during the year | 10,500 | 11.24 | 20,000 | 6.92 |
| Vested during the year | (14,750) | 9.74 | (17,750) | 8.42 |
| Outstanding at the end of the year | 34,625 | 8.96 | 38,875 | 8.65 |

Awards were granted on 3 March 2014. In the previous year awards were granted on 1 March 2013.

The fair value of the awards is expensed over the service period, based on the Black-Scholes pricing model, with the following assumptions:

| | 2014 | 2013 |
|-----------------------------------|---------|---------|
| Weighted average share price | £8.96 | £8.65 |
| Weighted average exercise price | - | - |
| Expected volatility | 39.34% | 45.68% |
| Expected life | 4 years | 4 years |
| Risk-free rate | 0.42% | 0.38% |
| Dividend yield | 7.83% | 8.29% |
| Average contracted life remaining | 3 years | 3 years |

The weighted average share price represents the average market price on the date of grant. Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 5 years. The expected life used in the model is equal to the vesting period for each tranche of awards, since shares are awarded immediately after the vesting period. The risk free rate is based on the yield at the date of grant for a zero coupon UK Treasury bond with a term that approximates the expected term of the awards. The dividend yield is based on the Group's 12 month dividend yield at the date of grant.

The estimated fair value of the awards granted by the Group and Company during the year was £143,000 (2013 - £185,000).

The Group and Company recognised total expenses of £161,000 (2013 - £178,000) related to equity-settled share awards during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

11. SHARE BASED PAYMENTS (continued)

II) Equity-settled share options

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

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

| | 2014 | | 2013 | |
|------------------------------------|------------------------------|---|------------------------------|---|
| | Number of share grants | Weighted average share price £ | Number of share grants | Weighted average share price £ |
| Outstanding at beginning of year | 12,000 | 8.35 | 12,000 | 8.35 |
| Exercised during the year | (1,500) | 8.35 | - | - |
| Outstanding at the end of the year | <u>10,500</u> | <u>8.35</u> | <u>12,000</u> | <u>8.35</u> |

No awards were granted during the current or previous years.

The fair value of the options is expensed over the service period, based on the Black-Scholes pricing model, with the following assumptions:

| | 2014 | 2013 |
|-----------------------------------|---------|---------|
| Weighted average share price | £8.35 | £8.35 |
| Weighted average exercise price | £8.35 | £8.35 |
| Expected volatility | 39.34% | 45.68% |
| Expected life | 4 years | 4 years |
| Risk-free rate | 0.42% | 0.38% |
| Dividend yield | 7.83% | 8.29% |
| Average contracted life remaining | 1 year | 2 years |

The weighted average share price represents the average market price on the date of grant. Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 5 years. The expected life used in the model is equal to the vesting period for each tranche of awards, since shares are awarded immediately after the vesting period. The risk free rate is based on the yield at the date of grant for a zero coupon UK Treasury bond with a term that approximates the expected term of the awards. The dividend yield is based on the Group's 12 month dividend yield at the date of grant.

The number of share options exercisable as at 31 December 2014 amounts to 10,500 (2013 – 12,000).

The estimated fair value of the awards granted by the Group and Company during the year was £nil (2013 - £nil).

The Group and Company recognised total expenses of £4,000 (2013 - £8,000) related to equity-settled share options during the year.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

12. INTANGIBLE FIXED ASSETS

| | Goodwill arising on acquisitions £'000 |
|--|---|
| Group | |
| Cost | |
| At 1 January 2014 and 31 December 2014 | 129,240 |
| Amortisation | |
| At 1 January 2014 | 93,630 |
| Amortisation for the year | 3,612 |
| At 31 December 2014 | 97,242 |
| Net book value | |
| At 31 December 2014 | 31,998 |
| At 31 December 2013 | 35,610 |
| Company | |
| Cost | |
| At 1 January 2014 and 31 December 2014 | 43,919 |
| Amortisation | |
| At 1 January 2014 | 13,977 |
| Amortisation for the year | 3,172 |
| At 31 December 2014 | 17,149 |
| Net book value | |
| At 31 December 2014 | 26,770 |
| At 31 December 2013 | 29,942 |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

13. TANGIBLE FIXED ASSETS

| Group | Short leasehold land and buildings £'000 | Plant and machinery £'000 | Office equipment £'000 | Total £'000 |
|----------------------------|--|---------------------------------|------------------------------|----------------|
| Cost | | | | |
| At 1 January 2014 | 6,871 | 32,714 | 29,225 | 68,810 |
| Additions | 1,317 | 1,401 | 1,293 | 4,011 |
| Disposals | (156) | (887) | (2,611) | (3,654) |
| Exchange movement | (390) | (190) | (151) | (731) |
| At 31 December 2014 | 7,642 | 33,038 | 27,756 | 68,436 |
| Depreciation | | | | |
| At 1 January 2014 | 3,941 | 22,401 | 22,544 | 48,886 |
| Charge for the year | 334 | 3,080 | 3,622 | 7,036 |
| Disposals | (142) | (872) | (2,520) | (3,534) |
| Exchange movement | (200) | (153) | (81) | (434) |
| At 31 December 2014 | 3,933 | 24,456 | 23,565 | 51,954 |
| Net book value | | | | |
| At 31 December 2014 | 3,709 | 8,582 | 4,191 | 16,482 |
| At 31 December 2013 | 2,930 | 10,313 | 6,681 | 19,924 |

| Company | Short leasehold land and buildings £'000 | Plant and machinery £'000 | Office equipment £'000 | Total £'000 |
|----------------------------|--|---------------------------------|------------------------------|----------------|
| Cost | | | | |
| At 1 January 2014 | 1,563 | 20,078 | 20,133 | 41,774 |
| Additions | - | 723 | 982 | 1,705 |
| Disposals | (156) | (877) | (2,611) | (3,644) |
| At 31 December 2014 | 1,407 | 19,924 | 18,504 | 39,835 |
| Depreciation | | | | |
| At 1 January 2014 | 1,036 | 11,957 | 12,988 | 25,981 |
| Charge for the year | 210 | 2,963 | 3,269 | 6,442 |
| Disposals | (142) | (872) | (2,520) | (3,534) |
| At 31 December 2014 | 1,104 | 14,048 | 13,737 | 28,889 |
| Net book value | | | | |
| At 31 December 2014 | 303 | 5,876 | 4,767 | 10,946 |
| At 31 December 2013 | 527 | 8,121 | 7,145 | 15,793 |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

14. INVESTMENTS HELD AS FIXED ASSETS

| Group | Shares in associate undertaking £'000 |
|--|--|
| Share of net assets | |
| RR Donnelley India Outsource Private Limited | |
| At 1 January 2014 | 7,431 |
| Share of associate's operating profit | 1,526 |
| Share of associate's interest receivable | 103 |
| Share of associate's tax on profit on ordinary activities | (1,181) |
| Dividend received from associate | (3,999) |
| Change in value of percentage ownership due to share buyback | 112 |
| Exchange movement | 277 |
| | <hr/> |
| At 31 December 2014 | 4,269 |
| | <hr/> |
| Company | Shares in subsidiary undertakings £'000 |
| Cost | |
| At 1 January 2014 | 95,616 |
| Additions | 588 |
| | <hr/> |
| At 31 December 2014 | 96,204 |
| | <hr/> |
| Provision for impairment | |
| At 1 January 2014 and 31 December 2014 | 76,020 |
| | <hr/> |
| Net book value | |
| At 31 December 2014 | 20,184 |
| | <hr/> |
| At 31 December 2013 | 19,596 |
| | <hr/> |

On 29 December 2014 the Company increased its investment in its wholly owned Spanish subsidiary RR Donnelley Document Solutions SL by way of a capital contribution of £588,000.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

14. INVESTMENTS HELD AS FIXED ASSETS (continued)

Cost of investments for the Company represents cost of shares in group companies. The companies listed below include all those which principally affect the profits and assets of the Group and in which the Company holds more than 20% of the nominal value of any class of share capital. A full list of subsidiary undertakings will be filed with the Company's annual return.

| Name of company | Nature of business | Country of registration | Holding |
|--|--------------------------------|-------------------------|---------|
| RRD GDS Holdings (Europe) Limited | Investment holding company | England & Wales | 100% |
| RR Donnelley Document Solutions (Germany) GmbH | Document management services | Germany | 100% |
| RR Donnelley Document Solutions (Ireland) Limited | Document management services | Republic of Ireland | 100% |
| RRD BPO Holdings Limited | Investment holding company | England & Wales | 100% |
| RR Donnelley Document Solutions Sp zoo | Outsourced processing | Poland | 100% |
| RR Donnelley Document Solutions (Switzerland) GmbH | Document services | Switzerland | 100% |
| RR Donnelley Document Solutions (Austria) GmbH* | Document services | Austria | 100% |
| D E I Group Limited* | Investment holding company | England & Wales | 100% |
| Data Entry Holdings Limited* | Investment holding company | Jersey | 100% |
| Data Entry International Limited* | Investment holding company | Cyprus | 100% |
| RR Donnelley India Outsource Private Limited* | Outsourced processing | India | 25.84% |
| RR Donnelley Business Communication Services Limited # | Dormant | England & Wales | 100% |
| Lasercom Holdings Limited** | Investment holding company | England & Wales | 100% |
| RR Donnelley Document Solutions SAS | Document management services | France | 100% |
| RR Donnelley Imprimerie Nationale Document Solutions SAS* | Document management services | France | 67% |
| RR Donnelley Italy srl | Document management services | Italy | 100% |
| e-doc Group Pension Scheme Trustee Limited # | Pension scheme trustee company | England & Wales | 100% |
| Edotech Trustee Company Limited # | Pension scheme trustee company | England & Wales | 100% |
| RR Donnelley Document Solutions SL | Document management services | Spain | 100% |

* Indirectly owned

** Dissolved 30 January 2015

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

All of the investments listed above are in ordinary shares, and have accounting periods ending on 31 December, except RR Donnelley India Outsource Private Limited which has an accounting period ending on 31 March.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

15. STOCKS

| | Group | | Company | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Raw materials and consumables | 1,591 | 1,141 | 1,480 | 1,041 |
| Work in progress | 154 | 1,215 | 154 | 1,215 |
| Finished goods and goods for resale | 1,053 | 1,195 | 491 | 526 |
| | <u>2,798</u> | <u>3,551</u> | <u>2,125</u> | <u>2,782</u> |

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

16. DEBTORS

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts receivable within one year: | | | | |
| Trade debtors | 32,385 | 35,780 | 24,236 | 27,551 |
| Amounts owed by related parties | 2,347 | 2,950 | 2,286 | 1,792 |
| Other taxes | 488 | 916 | 229 | 487 |
| Other debtors | 498 | 868 | 363 | 681 |
| Prepayments and accrued income | 13,451 | 10,470 | 11,992 | 9,730 |
| | <u>49,169</u> | <u>50,984</u> | <u>39,106</u> | <u>40,241</u> |
| Amounts receivable after more than one year: | | | | |
| Amounts owed by related parties | - | - | - | 1,136 |
| Prepayments and accrued income | 5,015 | 7,022 | 4,860 | 6,837 |
| | <u>5,015</u> | <u>7,022</u> | <u>4,860</u> | <u>7,973</u> |
| | <u>54,184</u> | <u>58,006</u> | <u>43,966</u> | <u>48,214</u> |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

17. DEFERRED TAX ASSET

| | Group | | Company | |
|------------------------------|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| At 1 January 2014 | 2,316 | 2,754 | 2,643 | 2,804 |
| Movement for the year | 653 | (438) | 222 | (161) |
| At 31 December 2014 | <u>2,969</u> | <u>2,316</u> | <u>2,865</u> | <u>2,643</u> |
| Due within one year | - | - | - | - |
| Due after more than one year | <u>2,969</u> | <u>2,316</u> | <u>2,865</u> | <u>2,643</u> |
| Total deferred tax | <u>2,969</u> | <u>2,316</u> | <u>2,865</u> | <u>2,643</u> |

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| The deferred tax asset arises from: | | | | |
| Capital allowances in deficit of depreciation | 2,926 | 2,355 | 2,588 | 2,355 |
| Short term timing differences | 43 | (39) | 277 | 288 |
| | <u>2,969</u> | <u>2,316</u> | <u>2,865</u> | <u>2,643</u> |

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

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 18,216 | 18,958 | 12,182 | 12,813 |
| Amounts owed to related parties | 4,090 | 3,720 | 9,477 | 9,557 |
| Corporation tax | 898 | 1,390 | 504 | 964 |
| Other taxes and social security | 5,555 | 6,938 | 4,619 | 6,292 |
| Accruals and deferred income | 27,220 | 26,865 | 25,026 | 24,043 |
| | <u>55,979</u> | <u>57,871</u> | <u>51,808</u> | <u>53,669</u> |

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

| | Group | | Company | |
|---|--------------|---------------|--------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts owed to related parties (note 20) | 1,039 | 63,816 | - | 62,620 |
| Accruals and deferred income | 4,434 | 4,429 | 4,434 | 4,424 |
| | <u>5,473</u> | <u>68,245</u> | <u>4,434</u> | <u>67,044</u> |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

20. BORROWINGS

| | Group | | Company | |
|---|-------|--------|---------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| Falling due between two and five years: | | | | |
| Amounts owed to related parties | 1,039 | 63,816 | - | 62,620 |

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

On 29 January 2014 the Company repaid £7,000,000 of its related party borrowing in cash.

On 14 March 2014 the company issued 54,851,768 ordinary shares of £1 each to its sole shareholder, RR Donnelley Holdings BV, fully paid up and settled by way of set-off against sums due by the Company to RR Donnelley Holdings BV

21. PROVISIONS FOR LIABILITIES

| Group | Deferred taxation £'000 | Onerous lease provision £'000 | Redundancy provision £'000 | ACP provision £'000 | Total £'000 |
|--|-------------------------------|--|----------------------------------|---------------------------|----------------|
| At 1 January 2014 | - | 1,078 | 87 | 387 | 1,552 |
| Provision charged to profit and loss account | 338 | 180 | 544 | - | 1,062 |
| Utilised in the year | - | (509) | (313) | (12) | (834) |
| At 31 December 2014 | 338 | 749 | 318 | 375 | 1,780 |

| Company | Onerous lease provision £'000 | Redundancy provision £'000 | ACP provision £'000 | Total £'000 |
|--|--|----------------------------------|---------------------------|----------------|
| At 1 January 2014 | 1,078 | - | 387 | 1,465 |
| Provision charged to profit and loss account | 154 | 215 | - | 369 |
| Utilised in year | (499) | (215) | (12) | (726) |
| At 31 December 2014 | 733 | - | 375 | 1,108 |

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

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

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

The deferred tax provision results from accelerated capital allowances in RR Donnelley Document Solutions (Switzerland) GmbH.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

22. CALLED UP SHARE CAPITAL

| | 2014 £ | 2013 £ |
|--|------------|-----------|
| Allotted, called up and fully paid | | |
| 50,000,000 (2013 - 100,001) ordinary shares of £1 each | 50,000,000 | 100,001 |

On 14 March 2014 the company issued 54,851,768 ordinary shares of £1 each to its sole shareholder, RR Donnelley Holdings BV, fully paid up and settled by way of set-off against sums due by the Company to RR Donnelley Holdings BV.

Also on 14 March 2014 the company converted the balance of £53,170,457 on its share premium account into 53,170,457 ordinary shares of £1 each issued to its sole shareholder, RR Donnelley Holdings BV.

On 17 March 2014 the Company reduced its issued share capital from £108,122,226 to £50,000,000 by cancelling and extinguishing 58,122,226 of the issued ordinary shares of £1 each in the Company.

23. COMBINED STATEMENT OF THE MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

| | Called up share capital £'000 | Share premium account £'000 | Currency translation reserve £'000 | Profit and loss account £'000 | 2014 £'000 | 2013 £'000 |
|---|---|--------------------------------------|---|--|---------------|---------------|
| Group | | | | | | |
| At 1 January 2014 | 100 | 53,170 | 202 | (29,037) | 24,435 | 25,454 |
| Loss for the year | - | - | - | (1,165) | (1,165) | (410) |
| Shares issued and fully paid (Note 23) | 54,852 | - | - | - | 54,852 | - |
| Share premium account converted to shares (Note 22) | 53,170 | (53,170) | - | - | - | - |
| Shares cancelled (Note 22) | (58,122) | - | - | 58,122 | - | - |
| Dividend paid on equity shares | - | - | - | (4,000) | (4,000) | - |
| Net actuarial (loss)/gain on pension liabilities | - | - | - | (1,727) | (1,727) | 299 |
| Credit to equity for share based payments | - | - | - | 150 | 150 | 170 |
| Currency translation difference on foreign currency net investments | - | - | (39) | - | (39) | (1,026) |
| Exchange gain/(loss) relating to the pension scheme | - | - | 166 | - | 166 | (52) |
| At 31 December 2014 | 50,000 | - | 329 | 22,343 | 72,672 | 24,435 |

| | 2014 £'000 | 2013 £'000 |
|---|---------------|-----------------|
| Profit and loss reserve | | |
| Profit and loss reserve excluding pension liability | 24,667 | (27,366) |
| Amount relating to defined benefit pension scheme liability, net of related deferred tax | (2,324) | (1,671) |
| Total profit and loss reserve | 22,343 | (29,037) |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

23. COMBINED STATEMENT OF THE MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES (continued)

| | Called up share capital £'000 | Share premium account £'000 | Profit and loss account £'000 | 2014 £'000 | 2013 £'000 |
|--|--|--------------------------------------|--|---------------|---------------|
| Company | | | | | |
| At 1 January 2014 | 100 | 53,170 | (34,568) | 18,702 | 11,063 |
| Profit for the year | - | - | 3,062 | 3,062 | 8,034 |
| Shares issued and fully paid (Note 22) | 54,852 | - | - | 54,852 | - |
| Share premium account converted to shares (Note 22) | 53,170 | (53,170) | - | - | - |
| Shares cancelled (Note 22) | (58,122) | - | 58,122 | - | - |
| Dividend paid on equity shares | - | - | (4,000) | (4,000) | - |
| Net actuarial loss on pension liabilities | - | - | (1,090) | (1,090) | (565) |
| Credit to equity for share based payments | - | - | 150 | 150 | 170 |
| At 31 December 2014 | <u>50,000</u> | <u>-</u> | <u>21,676</u> | <u>71,676</u> | <u>18,702</u> |

24. MINORITY INTERESTS

| | Group | |
|---|---------------|---------------|
| | 2014 £'000 | 2013 £'000 |
| RR Donnelley Imprimerie Nationale Document Solutions SAS | | |
| At 1 January | (435) | (173) |
| Minority share of loss on ordinary activities after taxation | <u>(173)</u> | <u>(262)</u> |
| At 31 December | <u>(608)</u> | <u>(435)</u> |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

25. OPERATING LEASE COMMITMENTS

At 31 December 2014 the Group and Company were committed to making the following annual payments in respect of non-cancellable operating leases:

| Group | 2014 | | 2013 | |
|--------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| Operating leases which expire: | | | | |
| Within one year | 657 | 315 | 267 | 546 |
| Between two to five years | 1,594 | 1,362 | 2,098 | 1,708 |
| After more than five years | 437 | 14 | 604 | - |
| | <u>2,688</u> | <u>1,691</u> | <u>2,969</u> | <u>2,254</u> |

| Company | 2014 | | 2013 | |
|--------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| Operating leases which expire: | | | | |
| Within one year | 442 | 202 | 95 | 475 |
| Between two to five years | 1,189 | 1,271 | 1,614 | 1,364 |
| After more than five years | 300 | - | 462 | - |
| | <u>1,931</u> | <u>1,473</u> | <u>2,171</u> | <u>1,839</u> |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

26. PENSION COMMITMENTS

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

SUMMARY OF PENSION COMMITMENT

| | I) £'000 | II) £'000 | III) £'000 | 2014 Total £'000 | 2013 Total £'000 |
|--|-------------|--------------|---------------|------------------------|------------------------|
| Net pension liability | | | | | |
| Fair value of scheme assets | 19,368 | 2,170 | 11,642 | 33,180 | 29,096 |
| Present value of scheme liabilities | (12,701) | (575) | (14,565) | (27,841) | (26,692) |
| Pension scheme surplus/(deficit) (pre restriction) | 6,667 | 1,595 | (2,923) | 5,339 | 2,404 |
| Restriction in pension surplus * | (6,667) | (1,595) | - | (8,262) | (4,515) |
| Pension scheme deficit (post restriction) | - | - | (2,923) | (2,923) | (2,111) |
| Related deferred tax (liability)/asset (pre restriction) | (1,333) | (319) | 599 | (1,053) | (463) |
| Restriction on pension surplus * | 1,333 | 319 | - | 1,652 | 903 |
| Related deferred tax asset (post restriction) | - | - | 599 | 599 | 440 |
| Net pension liability | - | - | (2,324) | (2,324) | (1,671) |

* e-doc group Pension Scheme (I) has a net pension asset in the current year amounting to £5,334,000 (2013 - £2,391,000). RR Donnelley Passport Pension Scheme (II) has a net pension asset amounting to £1,276,000 (2013 - £1,221,000). These net pension assets have not been recognised in the accounts of the Group on the basis that there is uncertainty as to the ability of the Group to obtain a refund of any surplus assets from the schemes.

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

26. PENSION COMMITMENTS (continued)

SUMMARY OF PENSION COMMITMENT (continued):

| | I) £'000 | II) £'000 | III) £'000 | 2014 Total £'000 | 2013 Total £'000 |
|--|-------------|--------------|---------------|------------------------|------------------------|
| Movement in the scheme deficit during the year | | | | | |
| Surplus/(deficit) in the scheme at beginning of year (pre restriction) | 2,989 | 1,526 | (2,111) | 2,404 | (227) |
| Restriction on pension surplus * | (2,989) | (1,526) | - | (4,515) | (2,726) |
| Deficit in the scheme at beginning of year (post restriction) | - | - | (2,111) | (2,111) | (2,953) |
| Contributions paid | 1,362 | - | 706 | 2,068 | 1,462 |
| Current service cost | - | - | (863) | (863) | (927) |
| Net finance income/(charge) | 274 | 34 | (43) | 265 | 110 |
| Net movements (pre restriction) | 1,636 | 34 | (200) | 1,470 | 645 |
| Restriction on pension surplus * | (274) | (34) | - | (308) | (147) |
| Net movements (post restriction) | 1,362 | - | (200) | 1,162 | 498 |
| Actuarial gain/(loss) (pre restriction) | 2,042 | 35 | (778) | 1,299 | 472 |
| Restriction on pension surplus * | (3,404) | (35) | - | (3,439) | (76) |
| Actuarial (loss)/gain (post restriction) | (1,362) | - | (778) | (2,140) | 396 |
| Exchange gain/(loss) | - | - | 166 | 166 | (52) |
| Deficit in the scheme at end of year | - | - | (2,923) | (2,923) | (2,111) |
| Related deferred tax asset | - | - | 599 | 599 | 440 |
| Net deficit in the scheme at end of year | - | - | (2,324) | (2,324) | (1,671) |

* e-doc Group Pension Scheme (I) has a net pension asset amounting to £5,334,000 (2013 - £2,391,000), being surplus of £6,667,000 (2013 - £2,989,000) less related deferred tax liability of £1,333,000 (2013 - £598,000). RR Donnelley Passport Pension Scheme has a net pension asset amounting to £1,276,000 (2013 - £1,221,000), being surplus of £1,595,000 (2013 - £1,526,000) less related deferred tax liability of £319,000 (2013 - £305,000). These net pension assets have not been recognised in the accounts of the Group on the basis that there is uncertainty as to the ability of the Group to obtain a refund of any surplus assets from the schemes.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

26. PENSION COMMITMENTS (continued)

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

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

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

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

Except where stated otherwise, the remainder of section I) of this FRS17 pensions note relates only to the defined benefit element of the Scheme.

A full actuarial valuation of the e-doc Group Pension Scheme was carried out at 31 December 2012 and updated to 31 December 2014 by a qualified independent actuary. The next full actuarial valuation is due at 31 December 2015. The principal assumptions used by the actuary were (in nominal terms):

| | | 2014 | 2013 |
|--|---------|--------------------|--------------------|
| | | % per annum | % per annum |
| Future price inflation assumed | | 2.1 | 2.6 |
| Rate of increase in payment of pensions | | 2.1 | 2.6 |
| Assumed discount rate on liabilities | | 4.0 | 4.6 |
| Rate of increase for deferred pensioners | | 2.1 | 2.6 |
| | | Years | Years |
| Assumed life expectancies on retirement at age 65 are: | | | |
| Retiring today | Males | 22.3 | 22.0 |
| | Females | 24.6 | 24.5 |
| Retiring in 20 years time | Males | 23.6 | 23.6 |
| | Females | 26.1 | 26.0 |

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

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

26. PENSION COMMITMENTS (continued)

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

| | 2014 Fair value £'000 | 2013 Fair value £'000 |
|-----------------------------------|--------------------------------|--------------------------------|
| Equities | 7,991 | 7,065 |
| Bonds | 4,846 | 5,779 |
| Index Linked Gilts | 2,331 | 19 |
| Cash | 1,787 | 961 |
| Other | 2,413 | 1,400 |
| Total fair value of assets | 19,368 | 15,224 |
| Expected rate of return per annum | 5.2% | 6.1% |

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

| | 2014 £'000 | 2013 £'000 | 2012 £'000 | 2011 £'000 | 2010 £'000 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Fair value of assets | 19,368 | 15,224 | 13,366 | 12,771 | 11,006 |
| Present value of funded obligations | (12,701) | (12,235) | (11,944) | (9,037) | (9,520) |
| Pension scheme surplus | 6,667 | 2,989 | 1,422 | 3,734 | 1,486 |
| Related deferred tax liability | (1,333) | (598) | (341) | (971) | (401) |
| Net pension asset | 5,334 | 2,391 | 1,081 | 2,763 | 1,085 |

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

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Movement in surplus in the scheme during the year | | |
| Surplus in the scheme at beginning of year | 2,989 | 1,422 |
| Contributions | 1,362 | 706 |
| Net finance income | 274 | 137 |
| Actuarial gain | 2,042 | 724 |
| Surplus in the scheme at end of year | 6,667 | 2,989 |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

26. PENSION COMMITMENTS (continued)

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Changes in the present value of the Scheme liabilities | | |
| Liabilities at beginning of year | 12,235 | 11,944 |
| Interest cost | 557 | 485 |
| Actuarial losses | 179 | 59 |
| Benefits paid | (270) | (253) |
| Liabilities at end of year | <u>12,701</u> | <u>12,235</u> |

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Changes in the fair value of the Scheme assets | | |
| Fair value of assets at beginning of year | 15,224 | 13,366 |
| Expected return on defined benefit element assets | 831 | 622 |
| Actuarial gains | 2,221 | 783 |
| Contributions by employer | 1,362 | 706 |
| Benefits paid | (270) | (253) |
| Fair value of scheme assets at end of year | <u>19,368</u> | <u>15,224</u> |

The Group's best estimate of expected contributions to the Scheme in the year commencing 1 January 2014 is £1,028,000 plus contributions to the Defined Contribution element.

Amounts for the current and previous four periods are:

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|--------------|--------------|----------------|--------------|--------------|
| Present value of scheme liabilities (£'000) | (12,701) | (12,235) | (11,944) | (9,037) | (9,520) |
| Scheme assets (£'000) | 19,368 | 15,224 | 13,366 | 12,771 | 11,006 |
| Deficit in the scheme (£'000) | - | - | - | - | - |
| Experience adjustment on Scheme liabilities (£'000) | (12) | 64 | (881) | 14 | 294 |
| As a percentage of Scheme liabilities | 0% | 1% | (7%) | 0% | 3% |
| Experience adjustment on Scheme assets (£'000) | 2,221 | 783 | (494) | 620 | (137) |
| As a percentage of Scheme assets | 11% | 5% | (4%) | 5% | (1%) |
| Cumulative actual gains/(losses) shown in the Statement of total recognised gains and losses (£'000) | <u>1,464</u> | <u>(852)</u> | <u>(1,713)</u> | <u>1,305</u> | <u>(237)</u> |

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Analysis of the amount credited to net finance income/(charges) | | |
| Interest on pension scheme liabilities | (557) | (485) |
| Expected return on pension scheme assets | <u>557</u> | <u>485</u> |
| Total income to net finance income/(charges) | <u>-</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

26. PENSION COMMITMENTS (continued)

Analysis of the actuarial gain in the statement of total recognised gains and losses

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Actual return less expected return on pension scheme assets | 2,221 | 783 |
| Experience gains and losses arising on the scheme liabilities | (12) | 64 |
| Change in assumptions underlying the present value of scheme liabilities | (167) | (123) |
| | <u>2,042</u> | <u>724</u> |

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

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

A full actuarial valuation was carried out at 31 December 2012 and updated to 31 December 2014 by a qualified actuary. The next full actuarial valuation is due at 31 December 2015. The principal assumptions used for the actuarial valuation were:

| | 2014 % per annum | 2013 % per annum |
|--|---------------------|---------------------|
| Inflation assumption | 3.1 | 3.4 |
| Rate of increase in payment of pensions | 3.1 | 3.4 |
| Discount rate | 4.0 | 4.7 |
| Rate of increase for deferred pensioners | 2.1 | 2.6 |
| Future salary increases | n/a | n/a |

| | | Years | Years |
|--|---------|-------|-------|
| Assumed life expectancies on retirement at age 65 are: | | | |
| Retiring today | Males | 22.3 | 22.2 |
| | Females | 24.6 | 24.5 |
| Retiring in 20 years time | Males | 23.6 | 23.6 |
| | Females | 26.1 | 26.0 |

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

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

26. PENSION COMMITMENTS (continued)

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

| | 2014 Fair value £'000 | 2013 Fair value £'000 |
|----------------------------|--------------------------------|--------------------------------|
| Equities and property | 18 | 876 |
| Fixed interest | - | 844 |
| Index linked gilts | 1,380 | 2 |
| Cash | 772 | 192 |
| Other | - | 120 |
| Total fair value of assets | <u>2,170</u> | <u>2,034</u> |
| Expected rate of return | 1.8%pa | 6.5%pa |

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

| | 2014 £'000 | 2013 £'000 | 2012 £'000 | 2011 £'000 | 2010 £'000 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Net pension asset | | | | | |
| Fair value of scheme assets | 2,170 | 2,034 | 1,882 | 4,343 | 4,112 |
| Present value of funded obligations | (575) | (508) | (578) | (1,904) | (2,011) |
| Pension scheme surplus | 1,595 | 1,526 | 1,304 | 2,439 | 2,101 |
| Related deferred tax liability | (319) | (305) | (313) | (634) | (567) |
| Net pension asset in plan | <u>1,276</u> | <u>1,221</u> | <u>991</u> | <u>1,805</u> | <u>1,534</u> |

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

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Movement in surplus in the scheme during the year | | |
| Surplus in the scheme at beginning of year | 1,526 | 1,304 |
| Net finance income | 34 | 10 |
| Actuarial gain | 35 | 212 |
| Surplus in the scheme at end of year | <u>1,595</u> | <u>1,526</u> |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

26. PENSION COMMITMENTS (continued)

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Changes in the present value of the Scheme liabilities | | |
| Liabilities at beginning of year | 508 | 578 |
| Interest cost | 24 | 25 |
| Actuarial losses/(gains) | 49 | (76) |
| Benefits paid | (6) | (19) |
| | <u>575</u> | <u>508</u> |
| Liabilities at end of year | | |
| Changes in the fair value of the Scheme assets | | |
| Fair value of assets at beginning of year | 2,034 | 1,882 |
| Expected return on Scheme assets | 58 | 35 |
| Actuarial gains | 84 | 136 |
| Benefits paid | (6) | (19) |
| | <u>2,170</u> | <u>2,034</u> |
| Fair value of Scheme assets at end of year | | |

The Group's best estimate of expected contributions to the Scheme in the year commencing 1 January 2014 is £nil.

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

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|------------|------------|-------------|--------------|------------|
| Present value of Scheme liabilities (£'000) | (575) | (508) | (578) | (1,904) | (2,011) |
| Scheme assets (£'000) | 2,170 | 2,034 | 1,882 | 4,343 | 4,112 |
| Surplus (£'000) | 1,595 | 1,526 | 1,283 | 2,439 | 2,101 |
| Experience adjustment on Scheme liabilities (£'000) | (12) | (1) | (360) | 22 | 460 |
| As a percentage of Scheme liabilities | 2% | 0% | (62%) | 1% | 23% |
| Experience adjustment on Scheme assets (£'000) | 84 | 136 | (208) | 169 | (52) |
| As a percentage of Scheme assets | 4% | 7% | (11%) | 4% | (1%) |
| Cumulative actual gains/(losses) not shown in Statement of total recognised gains and losses (£'000) | <u>214</u> | <u>145</u> | <u>(77)</u> | <u>1,058</u> | <u>720</u> |

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Analysis of amount charged to operating profit | | |
| Settlements | - | - |
| Distribution of unrecognised surplus | - | - |
| | <u>-</u> | <u>-</u> |
| Total charged to operating profit | | |
| | <u>-</u> | <u>-</u> |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

26. PENSION COMMITMENTS (continued)

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Analysis of the amount credited to net finance income | | |
| Interest on pension scheme liabilities | (24) | (24) |
| Expected return on pension scheme assets | 24 | 24 |
| | <hr/> | <hr/> |
| Total credit to net finance income | - | - |
| | <hr/> | <hr/> |
| Analysis of the actuarial gain | | |
| Actual return less expected return on pension scheme assets | 84 | 136 |
| Experience gains and losses arising on the scheme liabilities | (12) | (1) |
| Change in assumptions underlying the present value of scheme liabilities | (37) | 77 |
| | <hr/> | <hr/> |
| Total gain not recognised | 35 | 212 |
| | <hr/> | <hr/> |

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

The company's contributions to the plan for the year ended 31 December 2014 totalled £431,000 (2013-£465,000). In accordance with the agreed Schedule of Contributions £465,000 is required to be contributed by the Company to the Plan depending on age, at a rate of approximately 8%-13% of pensionable salaries a year over the future working lifetime of the scheme's active members. This is subject to review at the formal actuarial valuation due as at 31 December 2015. 72 employees paid, in the year, a total of £275,000 into the Plan (2013 - £291,000). Employees are required to contribute, depending on age, at the rate of 6.5%-10.5% of pensionable salaries.

The actuary has performed a review of the financial position of the scheme at 31 December 2014. The major assumptions used for the actuarial valuation were:

| | 31 December 2013 % per annum | 31 December 2013 % per annum |
|--|------------------------------------|------------------------------------|
| Inflation assumption | 0.75 | 0.75 |
| Rate of increase in pension payments | 0.00 | 0.00 |
| Discount rate | 1.25 | 2.00 |
| Rate of increase for deferred pensioners | 0.00 | 0.00 |
| Salary growth | 1.50 | 1.50 |

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

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

26. PENSION COMMITMENTS (continued)

Fair value of assets and expected rate of return

| | 2014 Fair value £'000 | 2013 Fair value £'000 |
|-----------------------------------|-----------------------------|-----------------------------|
| Equities | 2,328 | 2,368 |
| Bonds and others | 9,314 | 9,470 |
| Total fair value of assets | 11,642 | 11,838 |
| Expected rate of return per annum | 1.25% | 3.0% |

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

Net pension liability

| | 2014 £'000 | 2013 £'000 | 2012 £'000 | 2011 £'000 | 2010 £'000 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Fair value of Plan assets | 11,642 | 11,838 | 11,956 | 11,109 | 10,200 |
| Actuarial value of plan liabilities | (14,565) | (13,949) | (14,909) | (13,521) | (11,175) |
| Fair value of Plan assets | (2,923) | (2,111) | (2,953) | (2,412) | (975) |
| Related deferred tax asset | 599 | 440 | 606 | 494 | 263 |
| Net pension liability in plan | (2,324) | (1,671) | (2,347) | (1,918) | (712) |

The Plan is fully funded according to the requirements of Swiss pension law. The deficit arising through the application of FRS 17 is a result of providing for future salary and pension increases, death and disability benefits.

Movement in deficit in the Plan during the year

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Deficit in the plan at the beginning of the year | (2,111) | (2,953) |
| Contributions paid | 706 | 756 |
| Current service cost | (863) | (927) |
| Other finance charge | (43) | (37) |
| Actuarial (loss)/gain | (778) | 1,102 |
| Exchange gain/(loss) | 166 | (52) |
| Deficit in plan at end of the year | (2,923) | (2,111) |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

26. PENSION COMMITMENTS (continued)

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Changes in the present value of the Scheme liabilities | | |
| Liabilities at beginning of year | 13,949 | 14,909 |
| Service cost | 863 | 927 |
| Interest cost | 276 | 259 |
| Actuarial losses/(gains) | 719 | (1,158) |
| Benefits paid | (526) | (1,138) |
| Exchange (gains)/losses | (716) | 150 |
| Liabilities at end of year | <u>14,565</u> | <u>13,949</u> |

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Changes in the fair value of the Scheme assets | | |
| Fair value of assets at beginning of year | 11,838 | 11,956 |
| Expected return on Defined Benefit element assets | 233 | 222 |
| Actuarial losses | (59) | (56) |
| Contributions by employer | 431 | 465 |
| Contributions by employees | 275 | 291 |
| Benefits paid | (526) | (1,138) |
| Exchange (losses)/gains | (550) | 98 |
| Fair value of scheme assets at end of year | <u>11,642</u> | <u>11,838</u> |

Components of defined benefit cost for the period ended 31 December 2014

| Analysis of amounts charged to operating profit | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Current service cost | <u>588</u> | <u>636</u> |

| Analysis of amounts charged to net finance charges | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Interest on pension plan liabilities | 276 | 259 |
| Expected return on assets in the pension plan | (233) | (222) |
| Total charged to net finance charges | <u>43</u> | <u>37</u> |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

26. PENSION COMMITMENTS (continued)

| Analysis of the amounts to be recognised in statement of total recognised gains and losses | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Actuarial (loss)/gain | (778) | 1,102 |
| Exchange gain/(loss) | 166 | (52) |
| Total (loss)/gain recognisable in Statement of total recognised gains and losses before taxation | <u>(612)</u> | <u>1,050</u> |

| History of experience gains and losses | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|--------|-------|--------|---------|--------|
| Difference between the expected and actual return on Plan assets | | | | | |
| Amount (£'000) | - | - | - | - | - |
| Percentage of Plan assets | - | - | - | - | - |
| Experience gains and losses on Plan liabilities | | | | | |
| Amount (£'000) | - | - | - | - | - |
| Percentage of the present value of scheme liabilities | - | - | - | - | - |
| Total actuarial (loss)/gain recognised in Statement of total recognised gains and losses | | | | | |
| Amount (£'000) | (612) | 1,050 | (468) | (1,209) | (643) |
| Percentage of the present value of scheme liabilities | (4.2%) | 7.5% | (3.1%) | (8.9%) | (5.8%) |

IV) Defined contribution schemes

The pension charge for the defined contribution schemes during the year is £2,141,000 (2013- £2,319,000). The unpaid contributions outstanding at the year end were £279,000 (2013 - £258,000). These related to December 2014 contributions which were paid in January 2015.

27. CAPITAL COMMITMENTS

At 31 December 2014 the Group had capital commitments as follows:

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Contracted but not provided for in the financial statements | 1,718 | 246 |
| Authorised but not contracted | 2,589 | 3,136 |
| | <u>4,307</u> | <u>3,382</u> |

RR DONNELLEY GLOBAL DOCUMENT SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

28. SUBSEQUENT EVENTS

On 31 January 2015 the Company acquired from its parent company RR Donnelley Holdings BV 100% of the issued share capital of Critical Mail Continuity Services Limited, a company registered in England, for a consideration of £10,283,000.

29. RELATED PARTY TRANSACTIONS

As 100% of the share capital of the Company and Group is indirectly owned by a group whose consolidated financial statements are publicly available, it is not required to disclose transactions with other group undertakings that would otherwise be required under Financial Reporting Standard No. 8 'Related Party Disclosures'.

During the year the Group undertook the following transactions in the ordinary course of business and on arms length terms with RR Donnelley Imprimerie Nationale Document Solutions SAS, a company registered in France in which the Group owns 67% (2013 - 67%) of the issued share capital:

Purchase of goods £40,000 (2013 - £nil) and sale of goods £43,000 (2013 - £1,000). At 31 December 2014 the amount owed by RR Donnelley Imprimerie Nationale Document Solutions SAS was £45,000 (2013 - £18,000) and the amount owed to RR Donnelley Imprimerie Nationale Document Solutions SAS was £41,000 (2013 - £1,000).

30. PARENT COMPANY

The Company's immediate parent undertaking is RR Donnelley Holdings BV, a company registered in the Netherlands. The largest and smallest group in which the results of the Company for the year ended 31 December 2014 are consolidated is that headed by RR Donnelley & Sons Company.

The Company's ultimate parent company and ultimate controlling party is RR Donnelley & Sons Company, a company incorporated in the state of Delaware in the United States of America. Copies of the group financial statements of RR Donnelley & Sons Company including this company may be obtained from Investor Relations, 111 South Wacker Drive, Chicago, IL60606-4301.