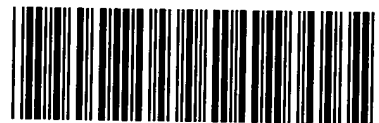

ACCO UK LIMITED

Registered Number 197754

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2014

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

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Directors

A Page
S Wells
J Mitchell
A Richards
M Wilkinson
M Stranders
C Hopkinson

Secretary and Registered Office

R Geddie, Oxford House, Oxford Road, Aylesbury, Buckinghamshire, HP21 8SZ

Company Number
197754

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Banker
Bank of America
2 King Edward Street
London
EC1A 1HQ

**Strategic report
for the year ended 31 December 2014**

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

Principal activities

ACCO UK Limited ("the company") continues to be a manufacturer and distributor of office product.

The company's key strategy is to develop and maximise its core brands in the office products sector both in the UK and export markets. The company is focussed on 5 key brands in the European market:

- REXEL
- NOBO
- GBC
- KENSINGTON
- DERWENT

The company has moved away from the manufacturing of own branded products and has invested in high quality, innovative branded products. The company is committed to becoming a marketing led, brand focussed organisation

Review of business and outlook

The results for the company show a pre-tax profit of £4.1 million (2013: pre-tax profit of £7.5 million) for the year and sales of £61.8 million (2013: £68.2 million).

The office products market in the UK remains highly competitive and in recent years consolidation in the retail and wholesale chain has increased the pressure on manufacturers' and distributors' margins. Additionally, the rapid growth in Far Eastern manufacturing has led to further reductions in price and pressure on margins, particularly in the high-volume own-branded office products business.

In light of the growth in the power of customers and increased competition in high volume, low margin manufacturing, the company has sought to differentiate from the competition by investing heavily in its brands and developing new innovative products and solutions. The company is committed to research and development in order to meet the needs of the changing office environment with exciting new product offerings.

Review of operations

Research and development

As mentioned above research and development are critical in the strategy of the company. The company incurred costs of £849,424 in 2014 (2013: £797,220). The majority of these costs were recharged to the company's parent ACCO Brands Corporation as part of a research and development company policy

Future outlook

In 2014 the directors have undertaken a review of under performing products. In addition, a review of channel strategy will allow greater focus on key customers. Going forward the directors plan to further reduce administration and support costs while introducing innovative new products and strengthening the company's key brands, to compensate for a period of lower demand. These actions are expected to position the company strongly for the future.

Key performance indicators (KPIs)

The 2014 year showed year-on-year decline due to market pressures experienced, notably in the export markets and for some Kensington products. In the export area, some global factors, such as unrest in Russia & the Ukraine, disrupted sales for Acco. Additionally, the product category incorporating the smart-phone and tablet accessories became increasingly commoditised during 2014 for which reason Acco have strategically focussed away from this area. Whilst these have stabilised towards the end of 2014, it is expected 2015 will demonstrate a modest decline versus 2014.

	2014	2013	Definition, method of calculation and analysis
Growth rate (%)	-9%	4%	Sales decline was principally impacted by one product category within the Kensington range, plus disruption in some key export markets. This has outweighed progress made in other office products categories where market share has been gained. The overall office product market remains challenging with significant competition from existing players
Gross margin (%)	36%	38%	Gross margin is the ratio of gross profit before exceptional items to sales expressed as a percentage. ACCO UK continues to seek to improve its gross profit margin by focusing on higher margin products and improving its cost of sourcing and distributing products.
Go to market expenses (%)	16%	13%	Go to market expense is a measure of selling, marketing and advertising expenses as a percentage of total sales. ACCO UK continue to invest in these activities so the ratio is similar each year.
Inventory days	75	78	Inventory days is a measure of the success of the business in turning stock into sales. It is measured by dividing stock by cost of sales excluding exceptional cost of sales and multiplying by 365. There has also been strategic increases in categories expecting sales growth.

Strategic report (continued)
for the year ended 31 December 2014

Risks

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key identified business risks affecting the company are set out below:

Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the company.

Competition / key customers

Due to consolidation within the industry there are now a few major Pan-European customers who comprise a large proportion of the company's sales. The loss of these major customers would have a detrimental impact on the business of the company. In order to ensure that these customers' needs are met and exceeded, the company is investing heavily in new product development in conjunction with its global partners in and outside of the group. This will allow ACCO to continue to offer market leading products and also in the supply chain to ensure customer orders are processed in good time. The company has dedicated sales and customer service teams to ensure that performance to these targets is achieved.

Achievement of the above, with particular focus on research and development should also ensure that the company consistently delivers products that are above the level of those developed by competitors. This continual development and investment in the brands is critical in ensuring the company remains a strong force in the market.

Supply chain

Given the company's focus on innovative and high quality branded products it is important that the quality of all products and components sourced is maximised. The company has quality inspectors to ensure products meet the required specifications. Another aspect of the supply chain is ensuring customer orders are completed on time.

Management of financial risks

The company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, interest rate risk and foreign exchange risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The company continually monitors its cash flows in order to effectively manage its borrowings. The company does not use derivative financial instruments to manage interest rate costs.

The directors have the responsibility of monitoring the financial risk to the company and utilise the expertise of the treasury department of the ultimate parent company, ACCO Brands Corporation. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations, change in size or nature. The company has no exposure to equity securities price risk as it holds no listed equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for planned operations.

Interest rate cash flow risk

The rate of interest earned/paid on the company's cash balances/loans and overdrafts are monitored on an ongoing basis by continuous review of rates available in the market. Deposits, loans and overdrafts are made with reference to these rates, in conjunction with projections of future cash requirements. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Foreign exchange risk

The company operates in the global market, both buying and selling products on a global basis. Where appropriate, the company buys forward foreign currency in order to mitigate the impact of movements in foreign exchange rates.

Qualifying third party indemnity provision

A qualifying third party indemnity provision was in place for all directors during the financial year.

By order of the Board



R Geddie
Company Secretary
Date:
Office address: Oxford House,
Aylesbury, UK, HP21 8SZ

**Directors' report
for the year ended 31 December 2014**

Results and dividends

The results for the year ended 31 December 2014 are set out in the profit and loss account on page 8. The profit before taxation for the period was £4.1 million (2013: profit £7.5 million).

The directors do not recommend the payment of a dividend (2013: £Nil)

Directors

Directors who served during the year, and up to the date of signing these financial statements, were as follows:

A Page
S Wells
J Mitchell
A Richards (appointed 15 January 2014 & resigned 20th August 2015)
M Wilkinson (appointed 4 July 2014)
M Stranders (appointed 3 October 2014)
A Scully (resigned 4 July 2014)
A Shields (resigned 3 October 2014)
E Moseley (resigned 27 January 2014)
C Hopkinson (appointed 8th July 2015)

Charitable donations

During the year the company made a number of charitable donations to various charities amounting to £6,301 (2013: £4,163). These donations supported initiatives put forward by the company's staff, customers and other stakeholders.

Disabled employees

The company maintains a positive policy towards the employment of disabled people. It endeavours to offer equal opportunities in employment, training, career development and promotion wherever possible, both to newly disabled employees and to disabled job applicants.

Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and various factors affecting the performance of the company. During a period of change for the company every effort has been made to keep the employees aware of the financial and economic factors affecting the business, as well as the wider business strategy. The company makes regular communications to staff on such issues and the views of employees are taken into account when making decisions that are likely to affect their interests through consultation with employees' representatives.

Key employees involvement in the company's performance is encouraged through employee share schemes and other initiatives.

Creditor payment policy

The company does not follow any code or standard on payment practice as it is the company's policy to settle creditors promptly on mutually agreed terms. The terms will vary from supplier to supplier and the suppliers will be aware of the terms of payment.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



R Geddie
Company Secretary
Date: 11th August 2015
Office address: Oxford House,
Aylesbury, UK, HP21 8SZ

**Statement of directors' responsibilities in respect of the annual report and the financial statements
for the year ended 31 December 2014**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

15 Canada Square
London
E14 5GL
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCO UK LIMITED

We have audited the financial statements of ACCO UK Limited for the year ended 31st December 2014 set out on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 set out on page 6, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

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

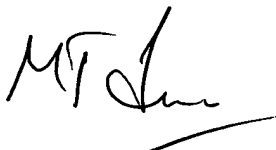
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Matthew Lewis
Senior Statutory Auditor
for and on behalf of KPMG LLP

Date:

11 AUGUST 2015

ACCO UK LIMITED

Profit and Loss account
for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
TURNOVER			
Continuing operations	2	61,791	68,195
	2	<u>61,791</u>	<u>68,195</u>
 Cost of sales	3	 (39,638)	 (42,393)
GROSS PROFIT		22,153	25,802
Distribution costs	3	(3,366)	(3,374)
Impairment of investment	3	(3,596)	-
Other administrative expenses	3	(17,343)	(16,929)
 Total administrative expenses	3	 (20,939)	 (16,929)
TOTAL OPERATING (LOSS) / PROFIT		(2,152)	5,499
Interest receivable and similar income	4	247	318
Interest payable and similar charges	6	(281)	(349)
Other finance income	5	2,723	2,075
Dividends received		3,596	-
Profit/ (Loss) on sale of fixed assets		-	(11)
 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	 4,133	 7,532
Tax charge on ordinary activities	10	(1,663)	(2,322)
PROFIT FOR THE FINANCIAL YEAR		<u>2,470</u>	<u>5,210</u>

All amounts relate to continuing operations.

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

The accompanying notes on pages 11 to 26 form part of the financial statements.

ACCO UK LIMITED

Balance sheet
as at 31 December 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Intangible assets	11	3,535	3,905
Tangible assets	12	21,738	18,679
Investments	13	15,082	18,678
		40,355	41,262
CURRENT ASSETS			
Stocks	14	8,179	9,034
Debtors	15	22,291	28,756
Cash at bank and in hand		3,612	2,077
		34,082	39,867
CREDITORS: amounts falling due within one year	16	(34,130)	(36,773)
NET CURRENT (LIABILITIES) / ASSETS		(48)	3,094
TOTAL ASSETS LESS NET CURRENT LIABILITIES		40,307	44,356
Provisions for liabilities and charges	17	(2,396)	(3,702)
Long term deferred income	18	(233)	(281)
NET ASSETS EXCLUDING PENSION DEFICIT		37,678	40,373
Pension deficit	25	(12,881)	(10,314)
NET ASSETS INCLUDING PENSION DEFICIT		24,797	30,059
CAPITAL AND RESERVES			
Called up share capital	19	206	206
Share premium account	20	28,304	28,304
Profit and loss account	20	(3,713)	1,549
TOTAL SHAREHOLDERS' FUNDS	21	24,797	30,059

The financial statements on pages 8 to 26 were approved by the board of directors on 11th August 2015 and were signed on its behalf by:



C Hopkinson
Director

The accompanying notes on pages 11 to 26 form part of the financial statements.

Statement of total recognised gains and losses
for the year ended 31 December 2014

		2014 £'000	2013 £'000
Profit for the financial year	20	2,470	5,210
Actuarial gain on post retirement medical benefits	24	338	376
Deferred tax on actuarial gain on pension retirement medical benefits		(68)	(87)
Change in deferred tax rate on pension retirement medical benefits		-	(110)
Actuarial (loss) / gain on pension benefits	25	(10,869)	3,573
Deferred tax on actuarial (loss) / gain on pensions		2,174	(838)
Change in deferred tax rate on actuarial pension loss		-	(289)
Share options	9	473	594
Capital contribution		220	-
Total recognised (losses) / gains relating to the year		(5,262)	8,429

The accompanying notes on pages 11 to 26 form part of the financial statements.

Notes forming part of the financial statements
for the year ended 31 December 2014

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

a) Going concern

The financial statements have been prepared on the going concern basis, despite the net current liabilities of £48,000 (2013: net current assets £3,094,000) which the directors believe to be appropriate having considered the factors that impact the company's future development, performance, cash flows and financial position along with the company's current liquidity. The Directors of the company's ultimate parent, ACCO Brands Corporation, have confirmed that they will continue to provide financial support to the extent necessary to enable ACCO UK Limited to trade and meet its financial obligations for the foreseeable future and specifically for the next 12 months from the date of signature of the audit report.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Pension and other post-retirement benefits

The company operates two separate pension schemes, a defined contribution scheme and a closed defined benefit scheme. It is the policy of the ACCO Europe group to fund pension liabilities on the advice of external actuaries who perform valuations every three years, where appropriate.

Defined contribution schemes:

Contributions are charged to the profit and loss account as and when they become payable to the pension scheme.

Defined benefit schemes:

The company contributes to a defined benefit scheme, the ACCO Europe Pension Plan. This is accounted for in accordance with FRS 17. The assets of this scheme is held separately from those of the company in an independently administered fund.

The company provides health care on beneficial terms to eligible retired employees. The liability is measured on an actuarial basis using the projected unit method discounted appropriately. The net liability is presented within provisions and liabilities. The current service costs and costs from settlements / curtailments are charged against operating profit. Interest on the liability is included in other finance costs. Actuarial gains and losses are reported in the statement of recognised gains and losses.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. The full impact of the initial recognition to the reserves is shown in note 20.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

c) Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

d) Tangible fixed assets and depreciation

Tangible fixed assets are shown at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over the estimated useful economic lives as follows:

Freehold property	- 50 years
Short leasehold property	- term of lease
Plant and machinery	- 3-10 years
Office equipment and fittings	- 3-10 years
Motor vehicles	- 2.5-4 years

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

1. Principal accounting policies (continued)

e) Investments

Investments are stated at cost less amounts written off to reflect impairment of the fair value. Investments are reviewed on an annual basis by management to ensure that no diminution in value has occurred. An impairment would be charged where the fair value per the review has fallen below the book value.

The financial statements contain information about ACCO UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the publicly available consolidated financial statements of its ultimate parent, ACCO Brands Corporation, a company incorporated in the United States of America (address available in note 27).

f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on:

Raw materials and purchased goods	- purchase cost on a first-in, first-out basis, including transport costs
Work-in-progress and manufactured goods	- cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity

Net realisable value is based on estimated normal selling price less further cost expected to be incurred to completion and sale. Provision is made for obsolete, slow-moving or defective items where appropriate.

g) Taxation and deferred tax

Current and deferred tax is based on the profit for the year and includes all taxation liabilities accruing to the date of the financial statements. Provision is made for deferred tax liabilities and assets, using full provision accounting, otherwise known as the incremental liability method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future. 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised when it is more likely than not that they will be recoverable.

h) Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the year-end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

Financial commitments in relation to forward exchange contracts are measured at the rate prevailing at the balance sheet date. Gains and losses on such contracts are recognised as they crystallise.

i) Turnover

Turnover is stated net of value added tax (VAT), customer rebates, discounts and credit notes, at the fair value of the right to consideration for goods supplied to customers in the normal course of business.

The directors consider that the right to consideration vests when the products have been received by the customer as such revenue is recognised at this point.

j) Leases

Rentals under operating leases are charged on a straight line basis directly to the profit and loss account over the term of the lease.

k) Research and development

Research and development expenditure is written off to the profit and loss account as incurred.

l) Goodwill

Goodwill, arising on the transfer of trade and assets from subsidiaries, is amortised at a rate calculated to write off its value on a straight line basis over its estimated useful economic life, which is considered to be 20 years. Management reviews goodwill on an annual basis and impairments are charged where the carrying value has fallen below the net book value.

**Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)**

1. Principal accounting policies (continued)**m) Share options**

In accordance with FRS 20 the fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the company's estimate of shares or options that will eventually vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity. In the case of options granted, fair value is measured by a Black-Scholes pricing model. Further details are set out in note 9.

n) Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders

o) Royalties

Royalty payments are calculated on a paid basis based on the level of sales of the respective products. Royalty rates are agreed on a periodic basis.

p) Financial instruments

The company has not fully adopted the requirements of FRS 27 as it has elected not to adopt the fair value accounting rules.

q) Long term deferred income

Long term deferred income is treated in accordance with FRS 5 where the revenue is spread over the life of the contract and recognised in the relevant period.

2. Turnover

The company is considered to carry on one class of business, the manufacture and distribution of office products.

Turnover by geographical destination was as follows:

	2014 £'000	2013 £'000
United Kingdom	46,884	51,047
Rest of Europe	2,958	2,896
Africa	4,630	7,001
Asia	4,136	4,436
Australia	1,296	1,243
Americas	1,887	1,572
	61,791	68,195

3. Cost of sales and net operating expenses

	2014 £'000	2013 £'000
Cost of sales	39,638	42,393
Distribution costs	3,366	3,374
Impairment of investment in subsidiaries	3,596	-
Other administrative expenses	17,343	16,929
Administrative expenses	20,939	16,929
Operating expenses	24,305	20,303

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

4. Interest receivable and similar income		2014	2013
		£'000	£'000
Bank interest		-	-
Other interest receivable		247	318
Interest receivable		247	318
5. Other finance results		2014	2013
		£'000	£'000
Pension finance income		2,882	2,248
Post retirement medical benefits finance cost		(159)	(173)
Other finance income		2,723	2,075
6. Interest payable and similar charges		2014	2013
		£'000	£'000
Interest on bank overdrafts		-	(2)
Interest on group loans		(281)	(347)
Interest payable		(281)	(349)
7. Profit on ordinary activities		2014	2013
		£'000	£'000
Profit on ordinary activities is stated after charging/(crediting):			
Research and development		849	797
Amortisation of goodwill		370	369
Depreciation of tangible fixed assets	- Owned	2,102	1,831
Restructuring expenses		610	744
Write down of investments		3,596	-
Net foreign exchange (losses) / gains		(273)	130
(Loss)/ profit on disposal of tangible fixed assets		-	11
Auditor's remuneration	- audit	159	159
Royalties to parent company		1,300	1,711
Rentals under operating leases	- land and buildings	559	625
	- plant and machinery	221	195
	- other	514	447
8. Directors' emoluments		2014	2013
		£'000	£'000
<u>All directors</u>			
Aggregate emoluments		1,339	893
Long term incentive scheme amounts included above represent incentive bonus payments and are accounted for on a cash basis.			
During the year 2 (2013: 2) directors exercised share options in the parent company; this included the highest paid director.			
<u>Highest paid director</u>		2014	2013
		£'000	£'000
Aggregate emoluments (including amounts received under long term incentive schemes)		365	374
Defined benefit pension scheme:			
Accrued pension at the end of the year		-	-
		365	374
9. Employee information		2014	2013
		£'000	£'000
Particulars of employee costs (including executive directors):			
Wages and salaries		15,081	13,224
Social security costs		1,568	1,439
Other pension costs (note 25)		859	679
Share based payments		48	233
		17,556	15,575

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

9.

Employee information (continued)

	2014 Number	2013 Number
The average monthly number of persons (including executive directors) employed by the company during the year was as follows:		
Production	59	66
Distribution	79	79
Sales	47	44
Administration	214	187
	399	376

The company's equity-settled share based payments comprise the ACCO Brands Share Plan. Under this plan the company may award employees a combination of restricted shares, performance shares, share options and stock settled share appreciation rights based on shares of the parent company. The amount of shares held in this plan and details of shares and share options subject to equity-settled share based payments are set out below.

Options are granted with a fixed exercise price equal to the market value of the shares under options at the date of grant. The contractual life of an option is 10 years. Awards under the ACCO Brands Share Plan are generally reserved for employees at senior management level and above.

With regard to grants of share options; the company expenses an estimate of how many options are likely to vest, spread over the vesting period. Options vest over a 3 year period from the date of grant, with one third of options vesting each year. The maximum term within which the options must be exercised is 10 years from the date of grant. The company makes grants at various points during the year and details of all recent grants are shown in the table below. Options granted under the ACCO Brands Share Plan will become exercisable on the third anniversary of the date of grant. Exercise of an option is subject to continued employment.

Following the merger with GBC and spin-off from Fortune Brands, the company converted existing unvested Fortune Brands shares into ACCO Brands shares. The conversion was made in such a way that the value of the old options was equal to that of the new options created. All terms and conditions of the options remained materially the same, with the exception of the maximum exercise period which was reduced to 7 years from original grant date.

Restricted shares ("RSU's") and performance shares ("PSU's") are expensed based on the fair value of the shares at the date of grant spread over the relevant period. Both RSU's and PSU's allow key employees to receive an amount of shares 3 or 4 years after the grant of the RSU or PSU.

Stock-settled stock appreciation rights ("SSAR's") provide key executives an incentive award based on the appreciation of the parent company's stock price over 3 years from grant date. The award is settled by the issue of shares in the parent company, to the value (based on the stock price at settlement) of the appreciation in the stock price over the vesting period.

During 2014 the company has made awards of Options, PSUs and RSUs to key executives. These Options, PSUs and RSUs are valued at the share price on a grant date. The SSARs are valued using a Black-Scholes model.

	05 Mar 2014	21 Feb 2013
ACCO Brands Share Plan:	Options / Performance shares	Performance shares
Share price at date of grant	£5.34	£5.01
Exercise price	£0.00	£0.00
Expected option life in years (maximum 10)	n/a	n/a
Risk-free interest rate over the life of the option	n/a	n/a
Expected volatility	n/a	n/a
Expected dividend yield	n/a	n/a
Fair value per option	£5.34	£5.01

The expected volatility for 2014 Stock Options is based on historical volatility over the past 4.5 years. The expected life is the expected period to exercise. The risk free rate of return is the yield on zero-coupon bonds of term consistent with the assumed option life.

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)9. Employee information (continued)
Reconciliation of option movements

Acco Brands Share Plan - Options

	2014		2013	
	Number (000s)	Weighted average exercise price (£)	Number (000s)	Weighted average exercise price (£)
Outstanding at 1 January	242	5	242	10
Transfers	-	-	-	-
Granted	86	-	-	-
Forfeited	(154)	-	-	-
Exercised	(18)	-	-	-
Lapsed	-	-	-	-

Outstanding at 31 December	156	5	242	10
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Exercisable at 31 December	156		242	
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Acco Brands Share Plan - Restricted shares

Outstanding at 1 January	125	-	50	-
Transfers	-	-	9	-
Granted	27	-	66	-
Forfeited	(60)	-	-	-
Exercised	(22)	-	-	-

Outstanding at 31 December	70	-	125	-
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Exercisable at 31 December	70	-	125	-
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Acco Brands Share Plan - Performance shares

Outstanding at 1 January	152	-	142	-
Transfers	-	-	(14)	-
Granted	69	-	57	-
Forfeited	(61)	-	-	-
Exercised	(46)	-	(33)	-

Outstanding at 31 December	114	-	152	-
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Exercisable at 31 December	114	-	152	-
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Acco Brands Share Plan - Stock-settled stock appreciation rights

Outstanding at 1 January	84	-	99	-
Transfers	-	-	5	-
Granted	-	-	-	-
Forfeited	(56)	-	-	-
Exercised	(28)	-	(20)	-

Outstanding at 31 December	-	-	84	-
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Exercisable at 31 December	-	-	84	-
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The fair value of RSUs and PSUs granted in the year was £539,000 (2013: PSU's £613,000)

Range of exercise prices	Weighted average exercise price	2014 Number of shares (^{'000})	Contractual of weighted average remaining life	Weighted average exercise price	2013 Number of shares (^{'000})	Contractual weighted average remaining life
	£		(YRS)	£		(YRS)
£nil	-	184	4.3	-	277	2.9
£0.01-£4.99	4.03	110	5.8	0.80	84	-
£5.00-£9.99	6.77	46	3.2	8.37	90	0.4
£10.00-£14.99	-	-	-	12.61	152	0.3
£15.00-£19.99	-	-	-	-	-	-

The average Acco Brands Corp share price during the year was £5.34 (2013: £5.01). The total charge for the year relating to employee share based payment plans was £473,000 (2013: £594,000), all of which related to equity-settled share based payment transactions. There was no deferred tax impact on share based payments.

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

10. Tax charge on profit on ordinary activities

a) Analysis of Tax

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax at 21.5% on profit for year (2013: 23.25%)	-	-
Adjustment in respect of prior years	-	(110)
Total current tax	-	(110)
Deferred tax:		
Origination and reversal of timing differences	992	2,021
Change in tax rate	-	521
Adjustments in respect of prior periods	671	(110)
Total deferred tax	1,663	2,432
Total tax charge on profit on ordinary activities	1,663	2,322

b) Factors affecting the tax charge for the year

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are reconciled below.

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	4,133	7,532
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	888	1,751
Effects of:		
Expenses not deductible for tax purposes	1,009	299
Dividend income not taxable	(773)	-
Imputed interest	(10)	-
Group relief surrendered free of charge	10	-
Other differences	-	(220)
Accelerated capital allowances	(648)	(680)
Pensions	(1,172)	(1,195)
Increase / (Utilisation) of brought forward tax losses	804	(174)
Adjustments to the tax charge in respect of previous periods	-	109
Short term timing differences	(168)	-
Share based payments	60	-
Current tax charge/ (credit) for the year	-	(110)

c) Factors affecting future tax charges

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31st December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

11. Intangible assets

	Goodwill £'000
<u>Cost</u>	
At the beginning of the year and end of year	7,426
<u>Accumulated amortisation</u>	
At the beginning of the year	3,521
Charged during the year	370
At the end of the year	3,891
At the end of the year	3,535
At the beginning of the year	3,905

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

11. Intangible assets (continued)

Goodwill of £271,474 arose on the purchase of the trade and assets of Apollo Presentation Products Limited during 1998. Goodwill of £3,700,000 arose on the transfer of assets from Nobo UK to Acco UK during 1998. The directors consider the useful economic life to be 20 years. Goodwill is amortised in accordance with these estimates. Goodwill of £3,154,570 arose on the purchase of the trade, assets and liabilities of GBC UK Limited in 2012. The directors consider the useful economic life to be 20 years.

12. Tangible assets

	Freehold property £'000	Short leasehold property £'000	Plant and machinery £'000	Office equipment and fittings £'000	Motor vehicles £'000	2014 Total £'000
Cost						
At the beginning of the year	9,571	2,049	8,115	20,790	108	40,633
Additions	-	39	126	5,048	-	5,213
Disposals	-	-	(52)	-	(51)	(103)
At the end of the year	9,571	2,088	8,189	25,838	57	45,743
Accumulated depreciation						
At the beginning of the year	3,943	1,850	6,278	9,778	105	21,954
Charge for year	204	60	770	1,068	-	2,102
Disposals	-	-	-	-	(51)	(51)
At the end of the year	4,147	1,910	7,048	10,846	54	24,005
Net book value						
At the end of the year	5,424	178	1,141	14,992	3	21,738
At the beginning of the year	5,628	199	1,837	11,012	3	18,679

Freehold property included land with a net book value of £404,000 (2013: £404,000).

During the year, £3.8m of office equipment and fittings additions relate to a project to upgrade the company's ERP system. This will significantly improve and streamline the Company's current business processes. The project is due to go live in February 2016 when depreciation will commence.

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

13. Investments

	2014 £'000	2013 £'000
<u>Financial investments</u>		
Debentures		
<u>Cost</u>		
At the beginning of the year	10	10
<u>Provision for diminution</u>		
During the year	-	-
<u>Net investment</u>		
At the end of the year	10	10
<u>Investment in subsidiaries</u>		
<u>Cost</u>		
At the beginning of the year and end of year	60,402	60,402
<u>Provision for diminution</u>		
At beginning of year and end of year	41,734	41,734
Impairment of investment in Nobo Group Ltd	2,474	-
Impairment of investment in Eastlight Ltd	1,122	-
At the end of the year	45,330	41,734
<u>Net investment</u>		
At the end of year	15,072	18,668
Total Investments	15,082	18,678

Following the receipt of dividends in the year, the cost of investment in Nobo Group Ltd and Eastlight Ltd have been written down to carrying value.

The company holds 100% of the ordinary share capital of the following companies:

Dormant companies registered in Great Britain

ACCO-Rexel Group Nominee Company Limited
The Cumberland Pencil Company Limited
ACCO Eastlight Limited
GBC (United Kingdom) Limited

Businesses registered in Great Britain - Holding company

Nobo Group Limited

Businesses registered in Czech Republic - Non-trading

ACCO Czech AS

Businesses registered in Germany, engaged in the marketing of office products

ACCO Deutschland Vermögensverwaltungs GmbH
ACCO Deutschland GmbH & Co. KG (69% holding)

Indirect holdings

ACCO Brands France SARL
Colt Staplers Limited
NOBO Office supplies Limited

The directors believe that the book value of investments is not less than the value of the underlying assets.

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

14. Stocks

	2014 £'000	2013 £'000
Raw materials and consumables	823	873
Work-in-progress	578	631
Finished goods and goods for resale	6,778	7,530
	<u>8,179</u>	<u>9,034</u>

There is no material difference between the purchase price / production cost of raw materials held to that of the replenishment cost.

15. Debtors

	2014 £'000	2013 £'000
<u>amounts falling due within one year</u>		
Trade debtors	15,035	20,445
Amounts from group undertakings	3,553	1,060
Other debtors	109	322
Prepayments and accrued income	620	579
	<u>19,317</u>	<u>22,406</u>
<u>amounts falling due after more than one year</u>		
Deferred tax asset (note 17)	2,974	6,350
	<u>22,291</u>	<u>28,756</u>

The 2013 deferred tax asset within debtors included £2,803k in relation to the FRS17 pension liability. The presentation has been changed for 2014 so that the deferred tax on pensions is instead netted against the pension liability and removed from debtors. If the same presentation had been adopted in 2013, the deferred tax asset within debtors would have been £3,547K with total debtors being £25,953K.

16. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	6,419	7,887
Amounts due to group undertakings	18,485	19,090
Other taxation and social security	1,396	1,905
Accruals and deferred income	7,830	7,891
	<u>34,130</u>	<u>36,773</u>

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

17. Provisions for liabilities and charges

	Other post-retirement benefits 2014 £'000
At the beginning of the year	3,702
Utilisation	(377)
Profit and loss account	8
Actuarial profit	(338)
Deferred tax	(599)
At the end of the year	2,396

Deferred taxation

The movement in the deferred taxation asset during the year was:

	2014 £'000	2013 £'000
Asset brought forward	3,547	10,101
Decrease in asset through profit and loss account (note 10(a))	(1,663)	(2,432)
Other	-	5
Through STRGL	2,106	(1,324)
Less movement FRS17 pensions booked against pension liability	(1,157)	-
Less movement FRS17 PRMB booked against PRMB liability	141	-
	2,974	6,350

The balance of the deferred tax asset consists of:

	2014 £'000	2013 £'000
Accelerated capital allowances	627	1,335
Other timing differences	145	3,782
Share based payments	98	-
Tax losses	2,104	1,233
	2,974	6,350

The deferred tax asset of £2,974,000 (2013: £6,350,000) includes £2,829,000 (2013: £6,057,000) due after more than one year.

The company has losses carried forward of £20m of which £9m is not being recognised due to uncertainty over the availability of suitable profits to utilise these losses in the near future (2013: £13m of which £3m was not recognised). These losses are available to be carried forward indefinitely.

From 2014 onwards, the deferred tax in relation to defined benefit schemes has been netted against the related defined benefit liability, whereas in prior years it was included within deferred taxation. If this treatment had been adopted for 2013 the deferred tax asset above would have been £3,547,000; the reduction of £2,803,000 being within the category 'other timing differences'. The defined benefit liabilities disclosed in note 24 and 25 would have been correspondingly reduced by £2,803,000.

18. Long term deferred income

	2014 £'000	2013 £'000
Long term deferred income relates to a grant on the Lillyhall property and has been spread over the life of the grant.	233	281

19. Called up share capital

	2014 £'000	2013 £'000
206,094 (2013: 206,094) Ordinary shares of £1 each	206	206

20. Movements on reserves

	Share premium £'000	Profit and loss account £'000	2014 Total £'000
At the beginning of the year	28,304	1,549	29,853
Profit for the financial year	-	2,470	2,470
Actuarial loss on pension fund	-	(10,869)	(10,869)
Deferred tax on actuarial gain on pension fund	-	(68)	(68)
Actuarial gain on pension retirement medical benefits	-	338	338
Deferred tax on actuarial gain on pension retirement medical benefits	-	2,174	2,174
Capital contribution arising on waiver of intercompany debt	-	220	220
Share based payments	-	473	473
At the end of the year	28,304	(3,713)	24,591

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

21. Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Shareholders' funds at the beginning of the year	30,059	21,630
Profit for the financial year	2,470	5,210
Credit in respect of share based payments	473	594
Actuarial (loss)/ gain on pension fund	(10,869)	3,573
Deferred tax on actuarial loss on pension fund	2,174	(838)
Actuarial gain on post retirement medical benefits	338	376
Deferred tax on actuarial loss on pension retirement medical benefits	(68)	(87)
Change in deferred tax rate on pensions	-	(289)
Change in deferred tax rate on PRMB	-	(110)
Capital contribution arising on waiver of intercompany debt	220	-
Shareholders' funds at the end of the year	24,797	30,059

22. Guarantees and other financial commitments

	2014 £'000	2013 £'000
a) Guarantees		
HM Revenue & Customs	200	200

b) Capital commitments

Expenditure contracted but not provided for	161	197
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c) Lease commitments

The minimum annual rentals under non-cancellable operating leases are as follows :

Operating leases which expire:

	Land and Buildings		Other	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Within 1 year	-	21	36	40
Within 2 - 5 years inclusive	31	412	684	590
After 5 years	528	192	15	12
	559	625	735	642

23. Contingent liabilities

ACCO UK Limited is part of a Zero Balance sweep arrangement with its bank and monies are swept daily (sterling amounts only) to concentration accounts held in the name of the company and a fellow group company, ACCO Brands Benelux BV (euro and U.S dollar amounts). Amounts due to or from related parties as a result of the sweeps are disclosed in amounts due to/from group undertakings (Notes 15 and 16).

24. Post-retirement benefits other than pensions

The liability for post-retirement benefits other than pensions relates to the provision of health care to eligible retired employees. The liability has been ascertained from independent actuarial valuations which adopt the principal assumption that, over the long term, the annual rate of increase in the cost of medical arrangements will be 7.0% (2013: 7.0%).

This is an unfunded defined benefit scheme.

The latest actuarial valuation under FRS 17 assumptions was carried out at 31 December 2014. The assumptions used are as follows:

Discount rate - 3.6% (2013: 4.4% 2012: 4.4%, 2011: 4.7%, 2010: 5.4%, 2009: 5.8%, 2008: 6.6%, 2007: 5.8%)

Medical cost trend - 4.6% (2013: 4.6% 2012: 4.2%, 2011: 4.5%, 2010: 4.25% 2009: 5.45%, 2008: 4.50%, 2007: 5.25%) Base costs will increase from 2014 to 2015 by 9.00% a year reducing over 4 years by 1% before reaching a stable long term rate of 4.6% p.a.

Mortality - PCxA00 Medium cohort

Average retirement age - 63

**Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)**

24. Post-retirement benefits other than pensions (continued)

Under FRS 17 the liabilities of the scheme are as follows:

Present value of scheme liabilities

2014 £'000	2013 £'000	2012 £'000
2,995	3,702	4,043
<u>2,995</u>	<u>3,702</u>	<u>4,043</u>

The profit and loss charge under FRS 17 is as follows:

Operating charge:
Current service cost
Other finance costs:
Interest on liabilities

2014 £'000	2013 £'000	2012 £'000
25	27	26
<u>159</u>	<u>173</u>	<u>158</u>

The movement in deficit can be reconciled as follows:

Deficit as at 31 December 2013
Current service cost
Contributions
Past Service credit
Other finance costs
Gain on settlement and curtailments
Actuarial gain / (loss) in STRGL

2014 £'000	2013 £'000	2012 £'000
(3,702)	(4,043)	(3,454)
(25)	(27)	(26)
130	165	185
176	-	-
(159)	(173)	(158)
247	-	-
<u>338</u>	<u>376</u>	<u>(590)</u>
<u>(2,995)</u>	<u>(3,702)</u>	<u>(4,043)</u>
599	-	-
<u>(2,396)</u>	<u>(3,702)</u>	<u>(4,043)</u>

Deferred tax

Deficit as at 31 December 2014

The actuarial profit has been recognised as follows:

	% of scheme liabilities		
	2014	2013	2012
Change in assumptions			
Experience gains arising on plan liabilities	(21%)	(10%)	15%
Actuarial (gain)/loss in STRGL	(11%)	(10%)	15%

2014 £'000	2013 £'000	2012 £'000
289	-	-
<u>(627)</u>	<u>(376)</u>	<u>590</u>
<u>(338)</u>	<u>(376)</u>	<u>590</u>

The actuarial gain has been recognised as follows:

	2011	2010	2009
Change in assumptions			
Experience gains arising on plan liabilities	2%	8%	19%
Actuarial gain / (loss) in STRGL	2%	8%	(3%)

2011 £'000	2010 £'000	2009 £'000
-	-	(700)
<u>51</u>	<u>271</u>	<u>596</u>
<u>51</u>	<u>271</u>	<u>(104)</u>

FRS 17 disclosures for net assets:

Net assets excluding post retirement benefit liability
FRS 17 post retirement benefit liability (including pensions)
Net assets including FRS 17 post retirement benefit liability

2014 £'000	2013 £'000	2012 £'000
27,792	33,761	25,673
<u>(2,995)</u>	<u>(3,702)</u>	<u>(4,043)</u>
<u>24,797</u>	<u>30,059</u>	<u>21,630</u>

FRS 17 disclosures for reserves:

Profit and loss reserve excluding post retirement benefit liability
FRS 17 post retirement benefit liability

2014 £'000	2013 £'000	2012 £'000
(718)	5,251	(2,837)
<u>(2,995)</u>	<u>(3,702)</u>	<u>(4,043)</u>

Profit and loss reserve including FRS 17 post retirement benefit liability

2014 £'000	2013 £'000	2012 £'000
<u>(3,713)</u>	<u>1,549</u>	<u>(6,880)</u>

Contributions of approximately £108,000 are expected to be paid to the scheme during 2015.

25. Pensions

Defined benefit scheme

The company participates in a funded defined benefit scheme, the ACCO Europe Pension Plan. The scheme is funded by contributions from employees and the company.

The company is now a single scheme employer and fully discloses the assets and liabilities of the scheme below. In 2008 the company adopted FRS17 and the initial impact resulted in the surplus of £12,600,000 being credited to the profit and loss account.

The related 2014 pension cost recognised in operating expenditure for the company was £nil (2013: £nil). As at the year end the company had £nil (2013: £nil) outstanding in respect of the company's contribution to the fund. Contributions of approximately £2,200,000 are expected to be paid to the scheme during 2015.

The last full actuarial valuation as carried out by a qualified, independent actuary, took place on 5 April 2012, using the projected unit actuarial cost method.

The defined benefit pension scheme currently has a funding deficit. The company has made supplemental contributions to the fund in order to fund the scheme up to the agreed funding target, as determined by the actuary and the trustees. During the year the company made special pension contributions of £2,200,000 (2013: £1,519,201). The company remains committed to the defined benefit pension scheme.

**Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)**

25. Pensions (continued)

	2014	2013
Rate of increase in salaries	3.1%	3.4%
Rate of increase in pensions in payment		
- on benefit earned prior to 1 January 1997	nil	nil
- on benefits earned on or after 1 January 1997	3.0%	3.2%
Discount Rate	3.6%	4.4%
Inflation assumption	3.1%	3.4%

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	2014 %	2014 £m	2013 %	2013 £m
Equities	3.6	93.8	7.7	95.0
Debt securities	3.6	78.4	4.3	67.5
Cash	3.6	9.2	0.1	6.3
Property	3.6	6.3	7.7	5.5
Other	3.6	0.0	0.9	0.0
		<u>187.7</u>		<u>174.3</u>
Total fair value of assets		187.7		174.3
Present value of scheme liabilities		<u>203.8</u>		<u>184.6</u>
		(16.1)		(10.3)
Deferred tax		3.2		
Deficit in the scheme		<u>(12.9)</u>		

Mortality	2014	2013
Pensioners	Standard SAPS Tables	Standard SAPS Tables
Non pensioners	Standard SAPS Tables	Standard SAPS Tables

	2014 £m	2013 £m
Analysis of the amount charged to operating profit		
Service costs	0.0	0.0
Analysis of amount charged to other finance costs		
Expected return on pension scheme assets	(10.8)	(10.0)
Interest on pension liabilities	7.9	7.8
Net Income	<u>(2.9)</u>	<u>(2.2)</u>

The expected return on assets is determined on the basis of averaged returns likely on the proportion of scheme assets invested in equities, bonds, property and cash.

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

	2014 £m	2013 £m
Actual return less expected return on pension scheme assets	8.6	7.2
Experience losses arising on the scheme liabilities	(0.2)	0.1
Changes in assumptions underlying the scheme liabilities	(19.3)	(3.7)
Actuarial (loss)/ gain recognised in the STRGL	<u>(10.9)</u>	<u>3.6</u>

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

25 Pensions (continued)

	2014 £m	2013 £m
Reconciliation of scheme asset		
Assets at the beginning of the year		
Assets brought forward from initial impact of FRS17 adoption	174.3	162.4
Expected return on assets	10.8	10.0
Actual return less expected	8.6	7.2
Contribution by employer	2.2	2.2
Contribution by scheme participants	-	-
Benefits	(7.0)	(7.4)
Settlements	(1.2)	-
Other	-	(0.1)
Assets at the end of the year	187.7	174.3
Reconciliation of scheme liabilities		
Liabilities at the beginning of the year	(184.6)	(180.6)
Service cost	-	-
Interest cost	(8.0)	(7.8)
Change in assumption	(19.3)	(3.7)
Experience gains/ losses	(0.2)	0.1
Contribution by scheme participants	-	-
Benefits	7.0	7.4
Settlements	1.3	-
Other	-	-
Liabilities at the end of the year	(203.8)	(184.6)
History of experience gains and losses		
	2014	2013
Difference between expected and actual return on scheme assets:		
Amount (£m)	8.6	7.2
Percentage of scheme assets	4.6%	4.1%
Experience gains and losses on scheme liabilities:		
Amount (£m)	(0.2)	0.1
Percentage of scheme liabilities	0.1%	-0.1%
Total actuarial gain / (loss) recognised in statement of total recognised gains and losses:		
Amount (£m)	(10.9)	3.6
Percentage of scheme liabilities	5.3%	-2.0%

The total recognised actuarial loss since adoption of FRS17 is £48.2 (2013: £37.3m).

Defined contribution scheme

The company also participates in a defined contribution money purchase scheme, the ACCO Europe Retirement Savings Plan, the assets of which are held as units in an independently administered fund. The 2014 pension cost represents contributions payable by the company to the fund and amounted to £917,079 (2013: £726,494). As at the end of the year there was £nil (2013: £Nil) outstanding in respect of the company's contribution to the fund. Contributions of approximately £928,000 are expected to be paid to the scheme during 2015.

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

26. Related party transactions

As the company is a wholly owned subsidiary of ACCO Brands Corporation, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

27. Ultimate parent undertaking and controlling party

The immediate parent undertaking is ACCO Rexel Group Services Limited, a company registered in England and Wales.

The ultimate parent and controlling party is ACCO Brands Corporation, a company incorporated in the State of Delaware in the USA. The consolidated financial statements of ACCO Brands Corp. may be obtained from their offices at 4 Corporate Drive, Lake Zurich, Illinois 60047 - 8997, USA and are publicly available.