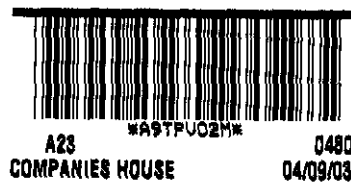


GBC (United Kingdom) Limited

Annual Report

for the year ended 31 December 2002

Registered number: 1056410



GBC (United Kingdom) Limited

Annual report for the year ended 31 December 2002

Contents	Page
Directors and advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Report of the independent auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 22

GBC (United Kingdom) Limited

Directors and advisers

P Dover	(resigned 31 January 2002)
D R Attridge	(resigned 26 March 2002)
T Stenebring	
P Evans	(appointed 1 February 2002)
S Rubin	(appointed 1 March 2002)
M Beerkens	(appointed 1 March 2002)

Secretary

P Evans (appointed 1 February 2002)

Auditors

PricewaterhouseCoopers LLP
The Quay
30 Channel Way
Ocean Village
Southampton
SO14 3QG

Bankers

National Westminster Bank plc
45, Park Street
Camberley
Surrey
GU15 3PA

Solicitors

Stevens & Bolton
The Billings
Guildford
Surrey
GU1 4YD

Registered office

Rutherford Road
Basingstoke
Hampshire
RG24 8PD

GBC (United Kingdom) Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 2002.

Activities

The principal activity of the company comprises the manufacture and selling of plastic bindings, equipment for punching, binding and laminating, and office equipment.

Business review and future developments

Turnover for the year was £17,379,913 (2001: £18,148,794). The loss for the year before taxation amounted to £410,489 (2001: £2,058,498).

In 2002, the company benefited from the re-organisation of the business that was put in place in the previous year. The directors are confident that the company can move forward from this position and that there will be opportunities for the business to grow in 2003 and beyond.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (2001: £nil). Accordingly, the loss for the financial year of £413,989 (2001: £2,002,831) will be transferred to reserves.

Directors

The directors who served during the year are shown on page 1.

No director had, at any time during the year, any beneficial interest in the shares of the company that requires disclosure under Schedule 7 of the Companies Act 1985.

Share capital

On 7 June 2002, the company issued 1 £1 ordinary share to its parent company for £2,500,000.

Auditors

Andersen resigned as auditors on 31 July 2002 and the directors appointed its successor, PricewaterhouseCoopers, as auditors. Following the conversion of our auditors, PricewaterhouseCoopers, to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 31 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board

P. E. Vero

Secretary

27 TH August 2003

GBC (United Kingdom) Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently, with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7 under 'Statement of accounting policies';
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GBC (United Kingdom) Limited

Independent auditors' report to the members of GBC (United Kingdom) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

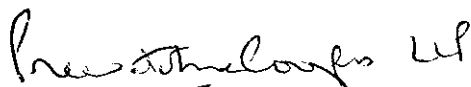
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southampton

29 August 2003

GBC (United Kingdom) Limited

Profit and loss account for the year ended 31 December 2002

	Note	2002 £	2001 £
Turnover	1	17,379,913	18,148,794
Cost of sales		(9,891,389)	(10,379,490)
Gross profit		7,488,524	7,769,304
Other operating expenses	4	(7,755,031)	(9,515,252)
Operating profit / (loss)		(266,507)	(1,745,948)
Interest receivable and similar income	5	951	11,527
Interest payable and similar charges	6	(144,933)	(324,077)
Loss on ordinary activities before taxation	2	(410,489)	(2,058,498)
Tax credit on loss on ordinary activities	7	-	55,667
Loss on ordinary activities after taxation		(410,489)	(2,002,831)
Preference share appropriation	15	(3,500)	-
Loss for the financial year	16	(413,989)	(2,002,831)

All the above activities are derived from continuing activities.

There were no recognised gains and losses in either year other than the loss for that year.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

The accompanying notes are an integral part of this profit and loss account.

GBC (United Kingdom) Limited

Balance sheet at 31 December 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	8	1,377,803	2,132,448
Investments	9	157,000	157,000
		1,534,803	2,289,448
Current assets			
Stocks	10	1,513,343	2,182,362
Debtors	11	5,105,138	5,481,188
Cash at bank and in hand		34,091	14,752
		6,652,572	7,678,302
Creditors: amounts falling due within one year	12	(7,243,402)	(7,407,247)
Net current (liabilities) / assets		(590,830)	271,055
Total assets less current liabilities		943,973	2,560,503
Creditors: amounts falling due after more than one year	13	-	(3,973,041)
Provisions for liabilities and charges	14	(534,000)	(267,000)
Net assets/(liabilities)		409,973	(1,679,538)
Capital and reserves			
Called up share capital	15	177,001	177,000
Share premium	16	15,889,999	13,390,000
Profit and loss account	16	(15,657,027)	(15,246,538)
Total shareholders' surplus/(deficit) funds	17	409,973	(1,679,538)
Analysis of shareholders' funds			
Equity		396,473	(1,689,538)
Non-equity		13,500	10,000
		409,973	(1,679,538)

The financial statements on pages 5 to 22 were approved by the board of directors on 27th August 2003 and were signed on its behalf by



Paul Evans
Director

GBC (United Kingdom) Limited

Statement of accounting policies for the year ended 31 December 2002

A summary of the principal accounting policies is set out below. With the exception of the change of accounting policy for deferred taxation, described below, these policies have been applied consistently throughout the year and the preceding year.

Basis of accounting

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

Change in Accounting Policy

The Company has adopted Financial Reporting Standard No. 19 (FRS19 – Deferred Tax) in these financial statements. The adoption of this standard represents a change in accounting policy. There is no material difference in the deferred tax recognised at 31 December 2001, or in the deferred tax charge for either of the two years ended 31 December 2002 as a result of the new accounting standard. As such, a prior year adjustment has not been made.

Going concern

At 31 December 2002 the company had net assets of £409,973 (2001: liabilities of £1,679,538). The directors have prepared the financial statements on a going concern basis.

Basis of consolidation

The financial statements include the results for the year ended 31 December 2002 of GBC (United Kingdom) Limited only. No consolidation of its subsidiary undertakings for the year has been presented, as the company is itself a subsidiary and the consolidated results are included in the financial statements of its holding company as permitted by Section 228 of the Companies Act 1985.

Turnover

Turnover comprises the value of sales of goods and services in the normal course of business. It is stated net of discounts, returns, allowances and value added tax. Income on maintenance contracts is recognised on a straight line basis over the period of the contract.

Foreign currencies

Normal trading activities denominated in foreign currencies are recorded in sterling at exchange rates as of the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward exchange contract.

GBC (United Kingdom) Limited

Statement of accounting policies for the year ended 31 December 2002 (continued)

Taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision for deferred tax is made, on an undiscounted basis, using the liability method for timing differences where there is an obligation to pay more tax, or a right to pay less tax, in the future.

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

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.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

i) The company provides pensions to employees through the company's defined benefit pension scheme. The assets of the scheme are held independently of the company by trustees and professional administrators.

The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining service life of scheme members.

Any difference between amounts charged to the profit and loss account and contributions paid to the scheme is shown as a separately identified liability or asset in the balance sheet.

ii) The company operates a defined contribution scheme for certain qualifying employees. The assets of the scheme are held independently of the company. The amount charged to the profit and loss account for all defined contribution schemes is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown in the balance sheet as either accruals or prepayments.

GBC (United Kingdom) Limited

Statement of accounting policies for the year ended 31 December 2002 (continued)

Tangible fixed assets

Tangible fixed assets are shown at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows::

Leasehold and leasehold improvements	-	Over the term of the lease
Plant, equipment, fixtures and fittings	-	4 – 10 years
Computer equipment	-	3 – 4 years

Fixed asset investments

Fixed asset investments are stated at cost or valuation, less provision for any impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises the cost of materials (based on a first in, first out basis), direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Cash flow statement

The company is a wholly owned subsidiary of General Binding Corporation Inc. and is included in the consolidated financial statements of General Binding Corporation Inc., which are publicly available. Consequently the company has taken advantage of the exception from preparing a cash flow statement under the terms of FRS1 (Revised 1996) paragraph 5a.

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002

1 Segment information

The turnover and loss on ordinary activities before taxation is wholly attributable to the sole principal activity, which is conducted entirely in the United Kingdom.

2 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2002 £	2001 £
Depreciation	1,186,967	1,050,791
Rentals payable under operating leases:		
- plant and machinery	226,233	261,306
- land and buildings	547,000	547,000
Auditors' remuneration:		
- Audit services	34,500	34,500
- Non-audit services	-	40,000

3 Staff numbers and costs

The average monthly number of employees (including executive directors) during the year was:

	2002 Number	2001 Number
Management	-	1
Administration	16	23
Logistics	23	30
Sales	49	60
	88	114

Their aggregate remuneration comprised:

	2002 £	2001 £
Wages and salaries	2,022,831	2,457,101
Social security costs	185,395	232,208
Other pension costs	469,202	554,505
	2,677,428	3,243,814

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

3 Staff numbers and costs (continued)

Directors' remuneration and transactions

	2002 £	2001 £
Emoluments	90,445	160,216
Company contributions to money purchase pension schemes	460	5,934
	90,905	166,150
Compensation for loss of office	50,000	15,545

The number of directors who were members of pension schemes was as follows:

	2002 Number	2001 Number
Money purchase schemes	1	1
Defined benefit schemes	2	1
	3	2

4 Other operating expenses

	2002 £	2001 £
Selling and distribution costs	5,792,377	7,224,975
Administrative expenses	1,962,654	2,290,277
	7,755,031	9,515,252

5 Interest receivable and similar income

	2002 £	2001 £
Bank interest receivable	951	11,527

6 Interest payable and similar charges

	2002 £	2001 £
Bank loans and overdraft	12,674	20,056
Interest payable to fellow group companies	132,259	304,021
	144,933	324,077

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

7 Tax credit on loss on ordinary activities

	2002 £	2001 £
Current tax:		
UK corporation tax on profits for the period	-	-
Adjustments in respect of previous periods	-	(55,667)
Total current tax	-	(55,667)
Deferred tax:		
Origination and reversal of timing differences (ACA and other)	-	-
Adjustments in respect of previous periods	-	-
Total deferred tax (note 14)	-	-
Tax on profit on ordinary activities	-	(55,667)

The tax for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £	2001 £
Loss on ordinary activities before tax	(410,489)	(2,058,498)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2001: 30%)	(123,147)	(617,549)
Effects of:		
Expenses not deductible for tax purposes	6,150	17,183
Accelerated capital allowances	355,497	331,969
Other short term timing differences	116,560	188,742
Adjustments in respect of previous periods	-	(55,667)
Utilisation of tax losses and other deductions	(355,060)	-
Tax losses not recognised	-	79,655
Current tax charge	-	(55,667)

The company has no deferred tax liability and does not expect this position to change in the foreseeable future.

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

8 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost				
At 1 January 2002	212,155	254,985	3,931,911	4,399,051
Restatement	124,125	252,537	1,566,657	1,943,319
At 1 January 2002 - restated	336,280	507,522	5,498,568	6,342,370
Additions	16,032	-	430,241	446,273
Disposals	-	-	(14,129)	(14,129)
At 31 December 2002	352,312	507,522	5,914,680	6,774,514
Depreciation				
At 1 January 2002	55,469	185,276	2,025,858	2,266,603
Restatement of depreciation	124,126	165,934	1,653,259	1,943,319
At 1 January 2002 - restated	179,595	351,210	3,679,117	4,209,922
Charge	16,837	27,527	1,142,603	1,186,967
Disposals	-	-	(178)	(178)
At 31 December 2002	196,432	378,737	4,821,542	5,396,711
Net book value				
At 1 January 2002 - restated	156,685	156,312	1,819,451	2,132,448
At 31 December 2002	155,880	128,785	1,093,138	1,377,803

The restated figures relate to fully depreciated assets incorrectly eliminated from the fixed asset note in previous years. Total net book values previously reported are not affected. The disposals relate to fixed assets transferred at book value to fellow group undertakings.

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

9 Fixed asset investments

	2002 £	2001 £
Cost		
At 1 January 2002 and 31 December 2002	157,000	157,000

Principal company investments

The company's principal subsidiaries, together with their activities, are listed below. These companies are wholly owned, registered in England and Wales, and the shareholdings are in ordinary shares.

Subsidiary undertakings:	Principal activities:
GBC Basingstoke Limited	Dormant
Allfax Paper Products Limited	Dormant
Allfax (UK) Limited	Dormant
Mirabeau Contract Sales Limited	Dormant

10 Stocks

	2002 £	2001 £
Finished goods and goods for resale	1,513,343	2,182,362

11 Debtors

	2002 £	2001 £
Amounts falling due within one year:		
Trade debtors	2,933,128	3,354,369
Amounts owed by group undertakings	1,553,013	1,492,644
Prepayments and accrued income	618,997	634,175
	5,105,138	5,481,188

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

12 Creditors: Amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	521,893	498,476
Trade creditors	224,767	411,572
Amounts owed to parent and fellow subsidiary undertakings	3,672,155	2,987,593
Other creditors including taxation and social security	384,947	438,839
Accruals and deferred income	2,439,640	3,070,767
	7,243,402	7,407,247

Bank loans and overdrafts are secured by a guarantee provided by the parent company and a fixed and floating charge over the company's assets. Amounts owed to parent undertaking bear interest at 3.5% above LIBOR. There is no fixed repayment date.

13 Creditors: Amounts falling due after more than one year

	2002 £	2001 £
Amounts owed to parent undertaking	-	3,973,041

Amounts owed to parent undertaking bear interest at 3.5% above LIBOR. There is no fixed repayment date.

14 Provisions for liabilities and charges

i) Pension deficit

	£
At 1 January 2002	267,000
Charge to the profit and loss account	267,000
At 31 December 2002	534,000

At 31 December 2002, a provision of £534,000 has been recognised in accordance with SSAP 24 "Accounting for pension costs" relating to the actuarial deficit (see Note 18 b).

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

14 Provisions for liabilities and charges (continued)

ii) Deferred tax

There are no deferred tax liabilities. However, the company has the following potential deferred tax assets, none of which have been recognised in the financial statements.

	2002 £	2001 £
Accelerated capital allowances	1,141,105	785,608
Other short term timing differences	798,973	682,413
Trading losses	2,613,009	2,968,069
At 31 December 2002	4,553,087	4,436,090

A deferred tax asset has not been recognised in respect of the above timing differences on the grounds that there is insufficient evidence that the asset will be recoverable.

15 Called-up share capital

	2002 £	2001 £
Authorised		
187,000 Ordinary shares of £1 each	187,000	187,000
10,000 Cumulative preference shares of £1 each	10,000	10,000
	197,000	197,000

	2002 £	2001 £
Allotted, called-up and fully paid		
167,001 (2001: 167,000) Ordinary shares of £1 each	167,001	167,000
10,000 Cumulative preference shares of £1 each	10,000	10,000
	177,001	177,000

On 7 June 2002, the company issued 1 £1 ordinary share to its parent company for £2,500,000.

Preference shareholders have the right to a 7% per annum dividend on the par value of each share if the profits of the company justify such dividends, the right in a winding up to repayment of the capital and dividends (including any dividends not declared), and the right to attend and vote at any general meeting of the company.

The dividends payable on the 7% cumulative preference shares have not been paid since 1997. The total arrears at 31 December 2002 are £3,500 (2001: £2,800). In accordance with the provision of FRS 4, the company has appropriated through the profit and loss account preference share dividends due in respect of all periods to date. However, as the company does not have sufficient distributable reserves in order to pay such preference share dividends, these dividends have been credited back within the profit and loss account reserves (note 16).

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

16 Reserves

	Share premium £	Profit and loss account £	Total £
At 1 January 2002	13,390,000	(15,246,538)	(1,856,538)
Premium on share issued	2,499,999	-	2,499,999
Loss for the financial year	-	(413,989)	(413,989)
Appropriation in respect of non-equity shares	-	3,500	3,500
At 31 December 2002	15,889,999	(15,657,027)	232,972

17 Reconciliation of movements in shareholders' funds/(deficit)

	2002 £	2001 £
Total shareholders' funds		
At beginning of year – (deficit)/surplus	(1,679,538)	323,293
Proceeds of issue of ordinary share capital (Note 15)	2,500,000	-
Loss for the financial year	(413,989)	(2,002,831)
Appropriation in respect of non-equity shares	3,500	-
At end of year – surplus/(deficit)	409,973	(1,679,538)

	2002 £	2001 £
Shareholders' funds allocated to non-equity		
Non equity share capital	10,000	10,000
Cumulative dividend not yet declared	3,500	-
	13,500	10,000

Shareholders' funds allocated to equity		
Difference between total shareholders' funds and amount allocated to non equity interests	396,473	(1,689,538)
Made up as follows:		
Equity shares	167,001	167,000
Reserves (Note 16)	232,972	(1,856,538)
Cumulative dividend due to non equity shareholders	(3,500)	-
	396,473	(1,689,538)

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

18 Financial commitments

a) Annual lease commitments under non-cancellable operating leases are as follows:

	2002		2001	
	Land and buildings £	Plant and machinery £	Land and buildings £	Plant and machinery £
Operating leases which expire:				
- within 1 year	-	18,197	-	28,419
- within 2-5 years	-	389,529	-	112,272
- over 5 years	547,000	-	547,000	-
	547,000	407,726	547,000	140,691

b) Pension schemes

The company maintains a funded defined benefit pension scheme covering some employees. The last full actuarial valuation took place on 31 December 2000, using the projected unit actuarial cost method. The actuarial value of the assets was sufficient to cover 85% of the benefits that had accrued to the members. The estimated market value of the assets of the plan as at 31 December 2000 was £10,546,000, a deficit of £1,869,000 (after revision to benefits). The major assumptions used by the actuary included an expected return on assets of 6.5% and average salary increases of 4%. The deficit on the scheme is to be eliminated commencing in 2002 by increasing the employer's and employees' contribution rates. In accordance with SSAP24 "Accounting for pension costs", the effect of the pension scheme deficit is being spread over the expected remaining service lives of the current employees in the scheme, assumed to be 7 years. At 31 December 2002 this gives rise to a provision of £534,000 (2001: £267,000) (see Note 14). In 2002 the amount charged to the profit and loss account in respect of the scheme was £381,637 (2001: £474,524).

No improvements in benefits were made in the financial year. Company contributions were reduced from 18.4% of Pensionable Salaries to 16.1% of Pensionable Salaries in March 2002. However, annual lump sum payments of £250,000 were payable to fund the Scheme deficit over a period of ten years, with the first payment due no later than 31 March 2003

There is also a defined contribution scheme for a small number of employees. In 2002 the amount charged to the profit and loss account in respect of the scheme was £87,565 (2001 £79,981).

FRS 17 disclosures

Additional disclosures regarding the group's defined benefit pension scheme are required under the transitional provisions of FRS 17 "Retirement benefits" and these are set out below. The disclosures relate to the second year of the transitional provisions. They provide information which will be necessary for full implementation of FRS 17.

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

18 Financial commitments (continued)

b) Pension schemes (continued)

The actuarial valuation described above has been updated at 31 December 2002 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17.

Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

	2002	2001
Rate of increase in salaries	3.8%	4.0%
Rate of increase in pensions in payment	2.3%	3.0%
Discount rate	5.5%	6.0%
Inflation assumption	2.3%	2.5%
Rate of increase in deferred pensions	2.5%	2.5%

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:

	2002 %	2002 £	2001 %	2001 £
Equities	7.0	6,275,000	7.0	7,828,000
Bonds	5.0	905,000	5.0	1,130,000
Other	4.0	428,000	4.0	540,000
Total fair value of assets		7,608,000		9,498,000
Present value of scheme liabilities		(14,801,000)		(12,889,000)
Deficit in the scheme		(7,193,000)		(3,391,000)
Related deferred tax asset		2,158,000		1,017,000
Net pension liability		(5,035,000)		(2,374,000)

The amounts required to be disclosed by FRS 17 in respect of the performance statements were:

a. Analysis of the amount that would have been charged to operating profit

	2002 £
Service cost	192,000
Past service cost	-
Total operating charge	192,000

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

18 Financial commitments (continued)

b) Pension schemes (continued)

b. Analysis of amount that would have been charged to financing of provisions

	2002 £
Expected return on pension scheme assets	621,000
Interest on pension liabilities	(768,000)
Net charge	(147,000)

c. Analysis of amount that would have been recognised in statement of total recognised gains and losses (STRGL)

	2002 £
Actual return less expected return on pension scheme assets	(2,369,000)
Experience gains and losses arising on the scheme liabilities	(56,000)
Changes in assumptions underlying the scheme liabilities	(1,211,000)
Actuarial loss that would have been recognised in the STRGL	(3,636,000)

d. Movement in deficit during the year

	2002 £
Deficit in scheme at beginning of the year	(3,391,000)
Movement in year:	
Current service cost	(192,000)
Contributions	174,000
Interest cost	(147,000)
Actuarial loss	(3,637,000)
Deficit in scheme at end of the year	(7,193,000)

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

18 Financial commitments (continued)

b) Pension schemes (continued)

History of experience gains and losses

	2002
Difference between expected and actual return on scheme assets:	
amount (£'000)	(2,369)
percentage of scheme assets	-31.1%
Experience gains and losses on scheme liabilities:	
amount (£'000)	(56)
percentage of scheme liabilities	-0.4%
Total amount recognised in statement of total recognised gains and losses:	
amount (£'000)	(3,637)
percentage of scheme liabilities	-24.6%

If FRS 17 had been adopted in the financial statements, the net assets and reserves would be as follows:

Net assets

	2002 £	2001 £
Net assets/(liabilities)	409,973	(1,679,538)
Pension provision, as calculated under SSAP 24 (note 14)	534,000	267,000
	943,973	(1,412,538)
Net pension liability, as calculated under FRS 17	(5,035,000)	(2,374,000)
Net liabilities, including liability as calculated under FRS 17	(4,091,027)	(3,786,538)

Reserves

	2002 £	2001 £
Reserves (notes 16)	232,972	(1,856,538)
Pension provision, as calculated under SSAP 24 (note 14)	534,000	267,000
	766,972	(1,589,538)
Net pension liability, as calculated under FRS 17	(5,035,000)	(2,374,000)
Reserves, including liability as calculated under FRS 17	(4,268,028)	(3,963,538)

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2002 (continued)

19 Ultimate parent company

The largest group in which the results of GBC (United Kingdom) Limited are consolidated is that headed by General Binding Corporation Inc. incorporated in the State of Delaware, USA. The consolidated financial statements of this group are available to the public at 1 GBC Plaza, Northbrook, Illinois, 60062, USA.

GBC United Kingdom Holdings Limited is the parent undertaking of the smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from the company secretary at Rutherford Road, Basingstoke, Hants, RG24 8PD.

Under the provisions of Financial Reporting Standard No 8, the company is not required to disclose details of related party transactions as it is a wholly owned subsidiary of a fellow subsidiary company of General Binding Corporation Inc, and the consolidated financial statements in which the company's results are included are available to the public.