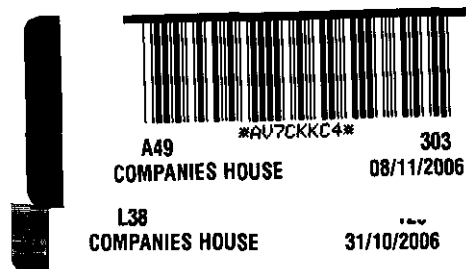


GBC (United Kingdom) Limited

Annual Report

for the year ended 31 December 2005

Registered number: 1056410



GBC (United Kingdom) Limited

Annual report for the year ended 31 December 2005

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GBC (United Kingdom) Limited

Directors and advisers

T Stenebring
S Rubin
M Beerkens

Secretary

Mrs R Barker

Auditors

PricewaterhouseCoopers LLP
9 Greyfriars Road
Reading
RG1 1JG

Bankers

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

Solicitors

Stevens & Bolton LLP
The Billings
Guildford
Surrey
GU1 4YD

Registered office

Rutherford Road
Basingstoke
Hampshire
RG24 8PD

GBC (United Kingdom) Limited

Directors' report for the year ended 31 December 2005

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 2005.

Activities

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

Business review and future developments

Turnover for the year was £17,013,602 (2004: £14,679,884). The profit for the year before taxation amounted to £491,920 (2004: loss of £1,097 restated).

GBC Group has been working on projects to centralise certain functions of the business. In 2004 the credit control function was centralised in Europe and ownership of stock has been centralised in Europe in 2005. The directors are confident that these changes together with other business opportunities will help the company to become more profitable in the future.

During the year the company sold to its stock to GCC Nederland, a fellow group undertaking, at book value as part of the centralisation of inventory management.

Post balance sheet event

GBC Basingstoke was liquidated on 11th April 2006.

Results and dividends

The directors do not recommend the payment of a dividend (2004: £nil). A preference dividend was declared of £700 (2004: £700) and then adjusted as non payable. Accordingly, the profit for the financial year of £491,220 (2004: loss of £1,797 as restated) will be transferred to reserves.

Directors and their interests

The directors who served during the year are shown on page 1. Subsequent to the year end on 7 July 2006 R H Guest and E J Mugridge were appointed as directors and M Beerkens resigned as a director.

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.

Under Statutory Instrument 802/1985, the interests of the directors in the share capital of the ultimate holding company or any of its subsidiaries incorporated overseas are not required to be disclosed.

GBC (United Kingdom) Limited

Directors' report for the year ended 31 December 2005 (continued)

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, credit risk and liquidity risk.

Foreign exchange risk

The company is exposed to movements in foreign exchange rates as a result of transactions with a number of foreign suppliers and customers. The company holds a number of accounts in different currencies to minimise this risk.

Credit risk

The company has no significant concentrations of exposure to credit risk. The company has implemented policies that require appropriate credit checks on potential new customers before sales commence and the amount of any individual counterparty is subject to a limit which is reassessed regularly by the company's management.

Liquidity risk

The company manages a liquidity position with the objective of maintaining the ability to fund commitments and repay liabilities in accordance with their required terms. The financing of operations is primarily achieved through cash balances.

Interest rate risk

The company does not have significant borrowings and therefore is not exposed to interest rate risk.

GBC (United Kingdom) Limited

Directors' report for the year ended 31 December 2005 (continued)

Statement of directors' responsibilities

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 and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, with the exception of changes arising on the adoption of new accounting standards in the year as explained on page 8 under note 1 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



E J Mugridge
Director

31 OCT 06

GBC (United Kingdom) Limited

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

We have audited the financial statements of GBC (United Kingdom) Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

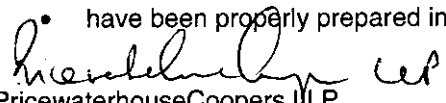
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

31 October 2006

GBC (United Kingdom) Limited

Profit and loss account for the year ended 31 December 2005

| | Note | 2005 £ | 2004 As restated £ |
|---|------|-------------------|--------------------------|
| Turnover | 2 | 17,013,602 | 14,679,884 |
| Cost of sales | | (11,378,772) | (9,060,826) |
| Gross profit | | 5,634,830 | 5,619,058 |
| Other operating expenses | 3 | (6,011,385) | (5,365,445) |
| Other income | 4 | 142,660 | - |
| Operating (loss)/profit | 4 | (233,895) | 253,613 |
| Interest payable and similar charges | 7 | (218,197) | (254,710) |
| Income from shares in group undertakings | | 944,012 | - |
| Profit/(loss) on ordinary activities before taxation | | 491,920 | (1,097) |
| Tax on profit/(loss) on ordinary activities | 8 | - | - |
| Profit/(loss) on ordinary activities after taxation | | 491,920 | (1,097) |
| Preference share appropriation | 17 | (700) | (700) |
| Profit/(loss) for the financial year | 16 | 491,220 | (1,797) |

All the above activities are derived from continuing activities.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) as stated above and their historical cost equivalents.

The accompanying notes on pages 8 to 24 form part of these financial statements.

Statement of total recognised gains and losses for the year ended 31 December 2005

| | 2005 £ | 2004 Restated £ |
|---|--------------------|-----------------------|
| Profit/(loss) for the financial year | 491,220 | (1,097) |
| Actuarial gain/(loss) on pension scheme | 172,000 | (285,000) |
| Total recognised gains and losses relating to the year | 663,220 | (286,097) |
| Prior year adjustment FRS 17(note 18) | (5,567,527) | |
| Total gains and losses recognised since last annual report | (4,904,307) | |

GBC (United Kingdom) Limited

Balance sheet at 31 December 2005

| | Note | 2005 £ | 2004 As restated £ |
|---|------|--------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 359,364 | 668,441 |
| Investments | 10 | 50,400 | 157,000 |
| | | 409,764 | 825,441 |
| Current assets | | | |
| Stocks | 11 | 39 | 1,274,409 |
| Debtors | 12 | 4,316,153 | 5,010,454 |
| Cash at bank and in hand | | 514,899 | 61,960 |
| | | 4,831,091 | 6,346,823 |
| Creditors: amounts falling due within one year | 13 | (4,117,834) | (6,080,615) |
| Net current assets | | 713,257 | 266,208 |
| Total assets less current liabilities | | 1,123,021 | 1,091,649 |
| Provisions for liabilities and charges | 14 | (390,929) | (371,477) |
| Net assets/(liabilities) excluding pension deficit | | 732,092 | 720,172 |
| Pension deficit | 18 | (5,496,000) | (6,148,000) |
| Net liabilities including pension deficit | | (4,763,908) | (5,427,828) |
| Capital and reserves | | | |
| Called up share capital | 15 | 177,001 | 177,001 |
| Share premium | 16 | 15,889,999 | 15,889,999 |
| Capital contribution | 16 | 669,863 | 669,863 |
| Profit and loss account deficit | 16 | (21,500,771) | (22,164,691) |
| Total shareholders' deficit | 17 | (4,763,908) | (5,427,828) |
| Analysis of shareholders' funds | | | |
| Equity | 17 | (4,779,508) | (5,442,728) |
| Non-equity | | 15,600 | 14,900 |
| | | (4,763,908) | (5,427,828) |

The financial statements on pages 6 to 24 were approved by the board of directors and were signed on its behalf by:



E J Mugridge
Director

31 05 06

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005

1 Statement of accounting policies

These financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting standards are set out below.

Changes in accounting policy

The company has adopted FRS 17 "Retirement benefits". This represents a change in accountancy policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS17 on the 2004 results was to decrease operating expenses and increase other finance expense by £765,725 and £211,000 respectively to decrease loss for the year by £554,725 and to increase total recognised gains and losses by £172,000. The impact on the balance sheet was to decrease provisions by £580,473 and decrease net assets by £5,577,527.

The company has adopted FRS 21 "Post Balance Sheet Events". The effect of the change in accounting policy to adopt FRS 21 was £nil as all of the dividends were proposed and paid by the balance sheet date, in the relevant period.

The company has also adopted FRS25 'Financial Instruments Disclosure and Presentation' in these financial statements. There is no impact on the preference share classification as the payment of dividends is at the discretion of the directors and there is no fixed date of redemption.

Going concern

At 31 December 2005 the company had net liabilities of £4,773,908 (2004: £5,437,828 restated). The directors have prepared the financial statements on a going concern basis. Acco Brands Corporation has given an undertaking to the company to support it financially, ensuring that it has adequate resources to meet its commitments as they fall due for at least the next 12 months from the date of signing these accounts.

Basis of consolidation

The financial statements include the results for the year ended 31 December 2005 of GBC (United Kingdom) Limited only. The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228a of the Companies Act 1985. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

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. Exchange adjustments are charged or credited to the profit and loss account as they arise.

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

Turnover

The turnover represents the invoiced value of goods despatched or services rendered to third parties net of rebates and other sales related discounts and sales related taxes.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Deferred tax is recognized on all timing differences, on a non-discounted basis, where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognized 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.

Provision for dilapidation

The company recognises the anticipated cost of significant re-instatement of leasehold properties at the end of the lease term in accordance with FRS 12. This anticipated cost is recognised as a provision over the life of the lease on a straight-line basis.

Pension costs

The company operates a defined benefit scheme contracted out of the state scheme. Contributions are charged against profit so as to spread the pension cost over the anticipated years of service of the pension scheme members.

The funds of the defined benefit schemes are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years, the actuary reviews the continuing appropriateness of the rates.

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

Notes to the financial statements for the year ended 31 December 2005 (continued)

Onerous lease provision

When leasehold properties become redundant or excess space arises in those properties, the company provides for all costs to the end of the lease or the anticipated date of surrender of the lease, net of anticipated income. Such provisions are then discounted using the UK government zero-coupon bond yield applicable to the term of the cashflows.

Tangible fixed assets

Tangible fixed assets are shown at cost, net of depreciation and any provision for impairment. Cost comprises the purchase price of the asset together with any incidental costs of acquisition.

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 – 5 years |

A review for the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. Such impairment reviews are performed in accordance with Financial Reporting Standard 11. Impairments thus arising are recorded in the profit and loss account.

Fixed asset investments

Fixed asset investments are stated at cost or valuation, less provision for any impairment in accordance with FRS 11.

Cash flow statement

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

2 Segment information

The turnover and profit/(loss) on ordinary activities before taxation is predominantly attributable to the sole principal activity, which is conducted entirely in the United Kingdom

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005

3 Other operating expenses

| | 2005 £ | 2004 Restated £ |
|--------------------------------|------------------|-----------------------|
| Selling and distribution costs | 4,317,707 | 4,398,740 |
| Administrative expenses | 1,693,678 | 966,705 |
| | 6,011,385 | 5,365,445 |

4 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

| | 2005 £ | 2004 £ |
|---|-----------|-----------|
| Investment impairment | 106,600 | - |
| Depreciation | 339,577 | 359,043 |
| Rentals payable under operating leases: | | |
| - plant and machinery | 119,218 | 111,724 |
| - other | 345,774 | 547,000 |
| Foreign exchange differences | 130,248 | (28,255) |
| Auditors' remuneration: | | |
| - Audit services | 33,500 | 33,500 |
| - Non-audit services | - | 15,000 |

5 Staff numbers and costs

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

| | 2005 Number | 2004 Number |
|----------------|----------------|----------------|
| Administration | 10 | 16 |
| Logistics | 12 | 18 |
| Sales | 44 | 50 |
| | 66 | 84 |

Their aggregate remuneration comprised:

| | 2005 £ | 2004 As restated £ |
|-----------------------|------------------|--------------------------|
| Wages and salaries | 2,122,755 | 2,324,744 |
| Social security costs | 225,927 | 256,111 |
| Other pension costs | 209,123 | 230,818 |
| | 2,557,805 | 2,811,673 |

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

6 Director emoluments

Directors' emoluments in respect of three directors (2004: three) have been borne by another group company. Their services are considered to be incidental to their other activities within the group.

7 Interest payable and similar charges

| | 2005 £ | 2004 Restated £ |
|--|-----------|-----------------------|
| Bank loans and overdraft | 12,220 | 20,157 |
| Interest payable to fellow group companies | 9,655 | 23,553 |
| Unwinding of discount rate | 17,322 | - |
| Other finance expense (note 18) | 179,000 | 211,000 |
| | 218,197 | 254,710 |

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

8 Tax on profit on ordinary activities

| | 2005 £ | 2004 £ |
|--|-----------|-----------|
| Current tax: | | |
| UK corporation tax on profits for the period | - | - |
| Total current tax | - | - |

The tax assessed for the year of £nil (2004: £nil) differs from the standard rate of corporation tax in the UK 30% (2004: 30%). The differences are explained below:

| | 2005 £ | 2004 Restated £ |
|---|------------------|-----------------------|
| Profit/(loss) on ordinary activities before tax | 491,920 | (1,097) |
| Profit/(loss) on ordinary activities multiplied by standard rate of UK corporation tax of 30% | 147,576 | (329) |
| Effects of: | | |
| Expenses not deductible for tax purposes | (212,996) | 9,431 |
| Accelerated capital allowances | (304,628) | 116,290 |
| Other short term timing differences | (126,635) | (132,062) |
| Excess losses carried forward not utilised | 496,683 | 6,670 |
| Current tax charge | - | - |

The company has no deferred tax liability and does not expect this position to change in the foreseeable future. Further information regarding deferred tax is included in note 14.

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

9 Tangible fixed assets

| | Leasehold improvements £ | Plant and machinery £ | Fixtures, fittings, tools and equipment £ | Total £ |
|---------------------------------|--------------------------------|-----------------------------|--|------------------|
| Cost | | | | |
| At 1 January 2005 | 420,910 | 435,012 | 6,207,688 | 7,063,610 |
| Additions | 15,626 | - | 20,529 | 36,155 |
| Disposals | - | - | (257,367) | (257,367) |
| At 31 December 2005 | 436,536 | 435,012 | 5,970,850 | 6,842,398 |
| Accumulated depreciation | | | | |
| At 1 January 2005 | 236,332 | 382,519 | 5,776,318 | 6,395,169 |
| Charge for the year | 30,370 | 21,421 | 287,687 | 339,478 |
| Disposals | - | - | (251,613) | (251,613) |
| At 31 December 2005 | 266,702 | 403,940 | 5,812,392 | 6,483,034 |
| Net book amount | | | | |
| At 1 January 2005 | 184,578 | 52,493 | 431,370 | 668,441 |
| At 31 December 2005 | 169,834 | 31,072 | 158,458 | 359,364 |

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

10 Fixed asset investments

| | 2005 £ | 2004 £ |
|----------------------------|---------------|----------------|
| Cost | | |
| At 1 January 2005 | 157,000 | 157,000 |
| Provision for impairment | (106,600) | - |
| At 31 December 2005 | 50,400 | 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 of £1.

| | Principal Activities | 2005 Share Capital £ | Reserves £ |
|---------------------------------|-------------------------|----------------------------|---------------|
| Subsidiary undertakings: | | | |
| GBC Basingstoke Limited | Dormant | 50,400 | 706,319 |

11 Stocks

| | 2005 £ | 2004 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 39 | 1,274,409 |

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

12 Debtors

| | 2005 £ | 2004 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 2,914,708 | 3,065,037 |
| Amounts owed by group undertakings | 1,073,068 | 1,455,850 |
| Other debtors | 51,000 | - |
| Prepayments and accrued income | 277,377 | 489,567 |
| | 4,316,153 | 5,010,454 |

Amounts owed by group undertaking are unsecured, interest free and have no fixed date of repayment.

13 Creditors: Amounts falling due within one year

| | 2005 £ | 2004 Restated £ |
|------------------------------------|------------------|-----------------------|
| Bank loans and overdrafts | - | 473,735 |
| Trade creditors | 62,936 | 202,845 |
| Amounts owed to group undertakings | 2,239,743 | 3,028,985 |
| Taxation and social security | 78,812 | 80,974 |
| Other creditors | 52,000 | 320,765 |
| Accruals and deferred income | 1,684,343 | 1,973,311 |
| | 4,117,834 | 6,080,615 |

Bank loans and overdrafts are secured by a guarantee provided by the ultimate 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.

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

14 Provisions for liabilities and charges

i)

| | Dilapidation £ | Onerous lease provision £ | Total £ |
|--|-------------------|---------------------------------|----------------|
| At 1 January 2005 | - | 371,477 | 371,477 |
| Charge/(credit) to the profit and loss account | 100,000 | (51,250) | 48,750 |
| Unwinding of discount | - | 17,322 | 17,322 |
| Utilised during the year | - | (46,620) | (46,620) |
| At 31 December 2005 | 100,000 | 290,929 | 390,929 |

Onerous lease

As at 31 December 2005, a provision of £290,929 (2004: £371,477) has been recognised in respect of non-utilised space which is being sublet at a rate lower than the rental due under the head lease. The provision is expected to be utilised over a period of 7 years. The provision is discounted at a rate of 4.54%.

Dilapidation

The provision represents the estimated cost of re-instatement of leasehold properties at the end of the lease term in accordance with FRS 12.

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (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.

| | 2005 £ | 2004 Restated £ |
|-------------------------------------|------------------|-----------------------|
| Accelerated capital allowances | 1,144,346 | 1,448,975 |
| Pension scheme deficit | 1,648,800 | 1,844,400 |
| Other short term timing differences | 640,099 | 622,734 |
| Trading losses | 2,897,257 | 2,400,574 |
| | 6,330,502 | 6,316,683 |

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.

Movement in the year consists of prior year and current year movements.

15 Called-up share capital

| | 2005 £ | 2004 £ |
|---|-----------|-----------|
| Authorised | | |
| 187,000 Ordinary shares of £1 each | 187,000 | 187,000 |
| | | |
| | 2005 £ | 2004 £ |
| Allotted, called-up and fully paid | | |
| 167,001 Ordinary shares of £1 each | 167,001 | 167,001 |
| Preference share capital | | |
| | 2005 £ | 2004 £ |
| Authorised, allotted, called up and fully paid | | |
| 10,000 Ordinary shares of £1 each | 10,000 | 10,000 |

Preference shareholders have the right to a 7% per annum dividend on the par value of each share if, in the opinion of the Directors, the profits of the company justify such payments, 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 2005 are £5,600 (2004: £4,900). In accordance with the requirements 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 17).

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

16 Reserves

| | Share premium £ | Capital contribution £ | Profit and loss account £ | Total £ |
|---|-----------------------|------------------------------|---------------------------------|--------------------|
| At 1 January 2005 as originally presented | 15,889,999 | 669,863 | (16,597,164) | (37,302) |
| Prior year adjustment – FRS17 | - | - | (5,567,527) | (5,567,527) |
| At 1 January 2005 (as restated) | 15,889,999 | 669,863 | (22,164,691) | (5,604,829) |
| Retained profit for the financial year | - | - | 491,220 | 491,220 |
| Actuarial gain on the pension scheme | - | - | 172,000 | 172,000 |
| Appropriation in respect of non-equity shares | - | - | 700 | 700 |
| At 31 December 2005 | 15,889,999 | 669,863 | (21,500,771) | (4,940,909) |

17 Reconciliation of movements in shareholders' funds

| | 2005 £ | 2004 Restated £ |
|--|----------------|-----------------------|
| Profit/(loss) for the year | 491,220 | (1,797) |
| Actuarial gain/(loss) on pension scheme | 172,000 | (285,000) |
| Appropriation in respect of non-equity shares | 700 | 700 |
| Net addition/(reduction) to shareholders' funds | 663,920 | (286,097) |
| Opening shareholders' funds as previously reported | 139,699 | 695,521 |
| Prior year adjustment – FRS 17 | (5,567,527) | (5,837,252) |
| Opening shareholders' funds as restated | (5,427,828) | (5,141,731) |
| Closing shareholders' funds | (4,763,908) | (5,427,828) |

| | 2005 £ | 2004 £ |
|--|---------------|---------------|
| Shareholders' funds allocated to non-equity | | |
| Non-equity share capital | 10,000 | 10,000 |
| Cumulative dividend not yet declared | 5,600 | 4,900 |
| | 15,600 | 14,900 |

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

18 Financial commitments

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

At 31 December 2005 the company had annual commitments under non-cancellable operating leases for assets other than land and buildings expiring as follows:

| | 2005 | | 2004 | |
|------------------|-----------------------|--------|-----------------------|--------|
| | Land and buildings | Other | Land and buildings | Other |
| | £ | £ | £ | £ |
| Within 1 year | | 4,739 | | 12,712 |
| Within 2-5 years | - | 89,527 | - | 84,890 |
| After 5 years | 547,000 | - | 547,000 | - |
| | 547,000 | 94,266 | 547,000 | 97,602 |

b) Pension schemes

The company operates a defined contribution scheme for a small number of employees. In 2005 the amount charged to the profit and loss account in respect of the scheme was £41,123 (2004 £77,818). No amounts are outstanding at the year end (2004: £nil).

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

18 Financial commitments (continued)

b) Pension schemes (continued)

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 third year of the transitional provisions. They provide information which will be necessary for full implementation of FRS 17.

The actuarial valuation described above has been updated at 31 December 2004 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.

No improvements in benefits were made in the financial year. Company contributions increased to 17.1% of Pensionable salary from 1st January 2004.

The scheme was closed to new entrants with effect from 1st January 1997.

The defined benefits section of the Plan is closed to new entrants. As such, the service cost as a percentage of pensionable salaries will increase as members near retirement.

| | 2005 | 2004 | 2003 |
|---|------|------|------|
| Rate of increase in salaries | 3.9% | 4.1% | 4.0% |
| Rate of increase in pensions in payment | | | |
| - on benefits earned prior to 1 January 2002 | 3.0% | 3.0% | 3.0% |
| - on benefits earned on or after 1 January 2002 | 2.6% | 2.9% | 2.8% |
| Discount rate | 4.7% | 5.3% | 5.4% |
| Inflation assumption | 2.6% | 2.9% | 2.8% |

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:

| | 2005 % | 2005 £ | 2004 % | 2004 £ | 2003 % | 2003 £ |
|-------------------------------------|-----------|--------------|-----------|--------------|-----------|--------------|
| Equities | 7.5 | 6,202,000 | 7.0 | 8,039,000 | 7.0 | 7,579,000 |
| Bonds - Government | 4.0 | 3,227,000 | 5.0 | 955,000 | 5.0 | 988,000 |
| - Corporate | 4.7 | 3,172,000 | | | | |
| Other - Cash | 4.0 | 97,000 | 4.75 | 1,286,000 | 4.0 | 455,000 |
| Total fair value of assets | 5.9 | 12,698,000 | 6.5 | 10,280,000 | 6.6 | 9,022,000 |
| Present value of scheme liabilities | | (18,194,000) | | (16,428,000) | | (15,382,000) |
| Deficit in the scheme | | (5,496,000) | | (6,148,000) | | (6,360,000) |

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

18 Financial commitments (continued)

b) Pension schemes (continued)

a. Analysis of the amount charged to operating profit

| | 2005 £ | 2004 £ |
|------------------------|-----------|-----------|
| Service cost | 168,000 | 153,000 |
| Total operating charge | 168,000 | 153,000 |

b. Analysis of amount charged to other finance income

| | 2005 £ | 2004 £ |
|--|-----------|-----------|
| Expected return on pension scheme assets | 686,000 | 612,000 |
| Interest on pension liabilities | (865,000) | (823,000) |
| Net charge | (179,000) | (211,000) |

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

| | 2005 £ | 2004 £ |
|--|-----------|-----------|
| Actual return less expected return on pension scheme assets | 1,292,000 | 208,000 |
| Experience gains and losses arising on the scheme liabilities | (144,000) | - |
| Changes in assumptions underlying the scheme liabilities | (976,000) | (493,000) |
| Actuarial gain/(loss) that would have been recognised in the STRGL | 172,000 | (285,000) |

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

b) Pension schemes (continued)

d. Movement in deficit during the year

| | 2005 £ | 2004 £ |
|--|-------------|-------------|
| Deficit in scheme at beginning of the year | (6,148,000) | (6,360,000) |
| Current service cost | (168,000) | (153,000) |
| Contributions | 827,000 | 861,000 |
| Interest cost | (179,000) | (211,000) |
| Actuarial (loss)/gain | 172,000 | (285,000) |
| Deficit in scheme at end of the year | (5,496,000) | (6,148,000) |

History of experience gains and losses

| | 2005 | 2004 | 2003 |
|--|--------|--------|------|
| Difference between expected and actual return on scheme assets: | | | |
| amount (£'000) | 1,292 | 208 | 844 |
| percentage of scheme assets | 10.2% | 2.0% | 9.4% |
| Experience gains and losses on scheme liabilities: | | | |
| amount (£'000) | (144) | - | 837 |
| percentage of scheme liabilities | (0.8%) | 0.0% | 5.4% |
| Total amount recognised in statement of total recognised gains and losses: | | | |
| amount (£'000) | 172 | (285) | 866 |
| percentage of scheme liabilities | 0.9% | (1.7%) | 5.6% |

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

19 Post balance sheet event

GBC Basingstoke was liquidated on 11th April 2006.

20 Ultimate parent company

The ultimate parent undertaking until 16 August 2005 was General Binding Corporation which the largest group in which the results of GBC (United Kingdom) Limited are consolidated General Binding Corporation is 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.

At 31 December 2005, the results of the Company are consolidated into the financial statements of ACCO Brands Corporation, a company incorporated in the United States of America. Copies of the ACCO Brands Corporation Group financial statements can be obtained from:

Company Secretary,
300 Tower Parkway
Lincolnshire
Illinois 60069
United States of America

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

GBC (United Kingdom) Limited

Profit and loss account for the year ended 31 December 2005

| | Note | 2005 £ | 2004 As restated £ |
|---|------|------------------|--------------------------|
| Turnover | 2 | 17,013,602 | 14,679,884 |
| Cost of sales | | (11,378,772) | (9,060,826) |
| Gross profit | | 5,634,830 | 5,619,058 |
| Other operating expenses | 3 | (6,011,385) | (5,365,445) |
| Other income | 4 | 142,660 | - |
| Operating (loss)/profit | 4 | (233,895) | 253,613 |
| Interest payable and similar charges | 7 | (218,197) | (254,710) |
| Income from shares in group undertakings | | 944,012 | - |
| Profit/(loss) on ordinary activities before taxation | | 491,920 | (1,097) |
| Tax on profit/(loss) on ordinary activities | 8 | - | - |
| Profit/(loss) on ordinary activities after taxation | | 491,920 | (1,097) |
| Preference share appropriation | 17 | (700) | (700) |
| Profit/(loss) for the financial year | 16 | 491,220 | (1,797) |

All the above activities are derived from continuing activities.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) as stated above and their historical cost equivalents.

The accompanying notes on pages 8 to 24 form part of these financial statements.

Statement of total recognised gains and losses for the year ended 31 December 2005

| | 2005 £ | 2004 Restated £ |
|---|--------------------|-----------------------|
| Profit/(loss) for the financial year | 491,220 | (1,097) |
| Actuarial gain/(loss) on pension scheme | 172,000 | (285,000) |
| Total recognised gains and losses relating to the year | 663,220 | (286,097) |
| Prior year adjustment FRS 17(note 18) | (5,567,527) | |
| Total gains and losses recognised since last annual report | (4,904,307) | |