GBC (United Kingdom) Limited
Annual Report
for the year ended 31 December 2006

Registered number 1056410

GBC (United Kingdom) Limited

Annual report
for the year ended 31 December 2006

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GBC (United Kingdom) Limited

Directors and advisers

T Stenebring
S Rubin
P Munk
E J Mugridge

Secretary

Mr R Geddie

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
9 Greyfriars Road
Reading
RG1 1JG

Bankers

National Westminster Bank plc
45 Park Street
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GU15 3PA

Solicitors

Stevens & Bolton LLP
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Rutherford Road
Basingstoke
Hampshire
RG24 8PD

GBC (United Kingdom) Limited

Directors' report for the year ended 31 December 2006

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006

Business review and principal activities

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

Turnover for the year was £10,077,709 (2005 £17,013,602) The loss for the year before taxation amounted to £758,496 (2005 profit of £491,920) The company had net liabilities at 31 December 2006 of £5,170,404 (2005 £4,763,908) The reduction in turnover and profit resulted from the sale of the Office Products Group to ACCO UK Ltd an associate company within the Acco Brands Corporation group in September 2006

The company's subsidiary GBC Basingstoke Limited was liquidated on 11th April 2006

Future outlook

The external commercial environment is expected to remain buoyant in 2007 as customers continue to focus on improving the effectiveness of their document output The directors remain confident that they will maintain our current level of performance in the future In 2007 the directors plan to outsource certain customer service and other telephone based transactional functions to another Acco Brands subsidiary However the underlying trade will continue as normal

Principal risks and uncertainties

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

The key business risks and uncertainties affecting the company are considered to relate to competition from both national and independent sales organisations, employee retention, and product availability Further discussion of these risks and uncertainties, in the context of the ACCO Brands Corporation group as a whole, is provided on pages 8-14 of the ACCO Brands Corporation's 10K filed in the United States which does not form part of this report

Results and dividends

The directors do not recommend the payment of a dividend (2005 £nil) A preference dividend was declared of £700 (2005 £700) and then adjusted as non payable Accordingly, the loss for the financial year of £758,496 (2005 profit of £491,920) will be (deducted)/transferred (from)/to reserves

Directors

The directors who served during the year and up to the date of signing of accounts are shown on page 1 On 7 July 2006 R H Guest and E J Mugridge were appointed as directors and M Beerkens resigned as a director Subsequent to the year end on 21 February 2007 P Munk was appointed as a director and R H Guest resigned as a director

GBC (United Kingdom) Limited

Directors' report for the year ended 31 December 2006 (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 and intercompany loans

Interest rate risk
The company pays interest on intercompany borrowings at a rate of interest determined by the group No financial instruments were used by the company during the year to manage interest rate costs and therefore no hedge accounting has been applied No derivatives were held for trading purposes

Key Performance Indicators

The board monitors progress on the overall company performance by reference to the following KPIs

	2006	2005	Definition, method of calculation and analysis
Growth in sales (%)	-40 8%	+15%	Year on year sales growth expressed as a percentage Sales have reduced as a result of the sale of OPG Continuing operation sales decreased by 14%
Gross margin (%)	40 4%	33 1%	Gross margin is the ratio of gross profit to net sales Gross margin % increased as a result of the sale of OPG
Operating Margin (%)	-6 7%	-1 4%	Operating margin is the ratio of operating profit (before interest and tax) as a % of net sales There was an operating loss as a result of the exceptional operating expenses due to the sale of OPG
Income before Tax (%)	-7 5%	2 9%	Income before tax is the ratio of profit before tax as a % of net sales Income before tax reduced as a result of the exceptional operating expenses as above and the windfall profit in 2005 as per the Profit and Loss account

GBC (United Kingdom) Limited

Directors' report for the year ended 31 December 2006 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement as to disclosure of information to auditors

The Directors, in office at the date of this Report, have each confirmed that

• so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
• each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 234 ZA of the Companies Act 1985

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

GBC (United Kingdom) Limited

Directors' report for the year ended 31 December 2006 (continued)

Going concern

At 31 December 2006 the company had net liabilities of £5,170,404 (2005 £4,763,908) The directors have prepared the financial statements on a going concern basis Acco Brands Corporation, the ultimate parent undertaking, 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

On behalf of the Board

Richard Geddie

R M Geddie
Company Secretary

30 October 2007

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 2006 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
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

30 October 2007

GBC (United Kingdom) Limited

Profit and loss account for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover	2	**10,077,709**	17,013,602
Cost of sales		**(6,000,913)**	(11,378,772)
Gross profit		**4,076,796**	5,634,830
Exceptional administration expenses	3	**(1,110,496)**	-
Other administration expenses		**(763,958)**	(1,693,678)
Total administration expenses		**(1,874,454)**	(1,693,678)
Selling and distribution costs		**(2,909,506)**	(4,317,707)
Total operating expenses	4	**(4,783,960)**	(6,011,385)
Other operating income	4	**30,372**	142,660
Operating loss	4	**(676,792)**	(233,895)
Interest receivable and similar income		**62**	-
Interest payable and similar charges	7	**(43,806)**	(21,875)
Other finance expenses	7	**(37,960)**	(196,322)
Income from shares in group undertakings		**-**	944,012
(Loss)/profit on ordinary activities before taxation		**(758,496)**	491,920
Tax on (loss)/profit on ordinary activities	8	**-**	-
(Loss)/profit on ordinary activities after taxation		**(758,496)**	491,920
Preference share appropriation	18	**(700)**	(700)
(Loss)/profit for the financial year	18	**(759,196)**	491,220

All the above activities are derived from continuing activities

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

The accompanying notes on pages 9 to 23 form part of these financial statements

Statement of total recognised gains and losses for the year ended 31 December 2006

	2006 £	2005 £
(Loss)/profit for the financial year	**(759,196)**	491,220
Actuarial gain on pension scheme	**352,000**	172,000
Total recognised gains and losses relating to the year	**(407,196)**	663,220

GBC (United Kingdom) Limited

Balance sheet at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	9	**64,318**	359,364
Investments	10	**-**	50,400
		64,318	409,764
Current assets			
Stocks	11	**-**	39
Debtors	12	**2,264,466**	4,316,153
Cash at bank and in hand	13	**129,164**	514,899
		2,393,630	4,831,091
Creditors: amounts falling due within one year	14	**(3,004,064)**	(4,117,834)
Net current (liabilities)/assets		**(610,434)**	713,257
Total assets less current liabilities		**(546,116)**	1,123,021
Creditors: amounts falling due after more than one year	15	**(1,918,465)**	-
Provisions for liabilities and charges	16	**(943,823)**	(390,929)
Net (liabilities)/assets excluding pension deficit		**(3,408,404)**	732,092
Pension deficit	20	**(1,762,000)**	(5,496,000)
Net liabilities including pension deficit		**(5,170,404)**	(4,763,908)
Capital and reserves			
Called up share capital	17	**177,001**	177,001
Share premium	18	**15,889,999**	15,889,999
Capital contribution	18	**669,863**	669,863
Profit and loss reserve	18	**(21,907,267)**	(21,500,771)
Total shareholders' deficit	19	**(5,170,404)**	(4,763,908)
Analysis of shareholders' deficit			
Equity	19	**(5,186,704)**	(4,779,508)
Non-equity		**16,300**	15,600
		(5,170,404)	(4,763,908)

The financial statements on pages 7 to 23 were approved by the board of directors and were signed on 30 Oct 2007 its behalf by

E J Mugridge
Director

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2006

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 in the United Kingdom The principal accounting standards are set out below

New accounting standards

New accounting standard under UK GAAP relevant for the year ending 31 December 2006 is FRS20 'Share based payments' The application of this standard relevant to the company had no effect on the results for the year ending 31 December 2006 or 2005

Going concern

At 31 December 2006 the company had net liabilities of £5,170,404 (2005 £4,763,908) The directors have prepared the financial statements on a going concern basis Acco Brands Corporation, the ultimate parent undertaking, 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 2006 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 Exchange adjustments are charged or credited to the profit and loss account as they arise

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 Sales of extended warranties are taken to turnover over the life of the contract and not at the point of sale to the customer

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

1 Statement of accounting policies (continued)

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date, 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 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

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 contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 20b represents contributions payable by the company to the fund

The company operates a defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the company in independently administered funds

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

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

1 Statement of accounting policies (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 cash flows The unwinding of the discount rate is included in other finance income and expenses

Tangible fixed assets

Tangible fixed assets are shown at cost, net of accumulated 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 improvements	-	Over the term of the lease
Plant and machinery	-	4 – 10 years
Fixtures, fittings, tools and equipment	-	3 – 10 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

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 exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) paragraph 5a

Other operating income

Other operating income is included at the invoiced value of services rendered to other group companies for management services provided

2 Turnover

The turnover is 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 2006 (continued)

3 Exceptional administration cost

The exceptional costs in 2006 of £1,110,406 (2005 £Nil) relate to the restructuring of the GBC business following the merger with ACCO brands The main costs are redundancy and onerous lease costs resulting from the closure of the warehouse and the sale of certain sales to ACCO UK Ltd and are considered to be non-recurring

4 Operating loss

Operating loss is stated after charging

	2006	2005
	£	£
Amount written of investments	**50,400**	106,600
Depreciation	**151,145**	339,577
Operating lease charges		
- plant and machinery	**117,604**	119,218
- other	**265,323**	345,774
Loss on disposal of fixed assets	**177,593**	-
Foreign exchange differences	**10,812**	130,248
Services provided by the company's auditor and its associates:		
Fees payable to company auditor for audit of the company accounts	**39,000**	33,500

Other operating income comprises charges to other group companies in relation to management services provided by GBC (United Kingdom) Limited

5 Staff numbers and costs

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

	2006	2005
	Number	Number
Administration	**10**	10
Logistics	**4**	12
Sales	**35**	44
	49	66

Their costs comprised

	2006	2005
	£	£
Wages and salaries	**1,805,393**	2,122,755
Social security costs	**203,736**	225,927
Other pension costs (note 20b)	**218,217**	209,123
	2,227,346	2,557,805

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

6 Director emoluments

	2006 £	2005 £
Aggregate emoluments	**50,085**	-

Retirement benefits are accruing to one (2005 none) director under a defined contribution scheme During the year no (2005 none) directors exercised share options In 2006 directors' emoluments in respect of two (2005 three) directors were 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

Interest payable	2006 £	2005 £
Bank loans and overdraft	**91**	12,220
Interest payable to fellow group companies	**43,715**	9,655
	43,806	21,875

Other finance expenses	2006 £	2005 £
Unwinding of discount rate	**27,960**	17,322
Other finance expense (note 20b)	**10,000**	179,000
	37,960	196,322

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

8 Tax on (loss)/profit on ordinary activities

	2006	2005
	£	£
Current tax:		
UK corporation tax on (loss)/profits for the year	-	-

The tax assessed for the year of £nil (2005 £nil) differs from the standard rate of corporation tax in the UK 30% (2005 30%) The differences are explained below

	2006	2005
	£	£
(Loss)/profit on ordinary activities before tax	**(758,496)**	491,920
(Loss)/profit on ordinary activities multiplied by standard rate of UK corporation tax of 30%	**(227,549)**	147,576
Effects of		
Expenses not deductible for tax purposes	**2,105,693**	(212,996)
Accelerated capital allowances	**72,037**	(304,628)
Other short term timing differences	**(1,102,886)**	(126,635)
Excess losses carried forward not utilised	**(847,295)**	496,683
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 16

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

The effect of the changes to be enacted in the Finance Act 2007 would be to reduce the unrecognised deferred tax asset at 31 December 2006 This decrease in deferred tax is due to the reduction in the corporation tax rate from 30 per cent to 28 per cent with effect from 1 April 2008

The other changes to be enacted would have no further effects on the unrecognised deferred tax provided at 31 December 2006

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

9 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost				
At 1 January 2006	436,536	435,012	5,970,850	6,842,398
Additions	33,692	-	-	33,692
Disposals	(404,180)	(435,012)	(1,136,457)	(1,975,649)
At 31 December 2006	**66,048**	**-**	**4,834,393**	**4,900,441**
Accumulated depreciation				
At 1 January 2006	266,702	403,940	5,812,392	6,483,034
Charge for the year	16,563	9,506	125,076	151,145
Disposals	(265,174)	(413,446)	(1,119,436)	(1,798,056)
At 31 December 2006	**18,091**	**-**	**4,818,032**	**4,836,123**
Net book amount				
At 31 December 2005	169,834	31,072	158,458	359,364
At 31 December 2006	**47,957**	**-**	**16,361**	**64,318**

10 Fixed asset investments

	2006 £
Cost	
At 1 January 2006	**157,000**
Liquidation of subsidiary	**(157,000)**
At 31 December 2006	**-**
Impairment	
At 1 January 2006	(106,600)
Release of provision	106,400
At 31 December 2006	**-**
Net book value	
At 31 December 2006	**-**
At 31 December 2005	50,400

GBC Basingstoke was liquidated on 11 April 2006

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

11 Stocks

	2006 £	2005 £
Finished goods and goods for resale	-	39

12 Debtors

	2006 £	2005 £
Amounts falling due within one year:		
Trade debtors	699,719	2,914,708
Amounts owed by group undertakings	1,256,716	1,073,068
Other debtors	71,128	51,000
Prepayments and accrued income	236,903	277,377
	2,264,466	4,316,153

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

13 Cash at bank and in hand

	2006 £	2005 £
Restricted cash	50,000	-
Other cash at bank and in hand	79,164	514,899
	129,164	514,899

Restricted cash of £50,000 (2005 £nil) represents cash placed on deposit in respect of a VAT guarantee.

14 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	225,180	62,936
Amounts owed to group undertakings	1,368,472	2,239,743
Taxation and social security	59,166	78,812
Other creditors	52,740	52,000
Accruals and deferred income	1,298,506	1,684,343
	3,004,064	4,117,834

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

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

15 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Loans from group undertakings	**1,918,465**	-

Loans from group undertakings are unsecured, attract interest at 2 0% above LIBOR and are repayable on 31 August 2010

16 Provisions for liabilities and charges

i) Provisions

	Dilapidation £	Onerous lease provision £	Total £
At 1 January 2006	100,000	290,929	390,929
Charged to the profit and loss account	200,000	458,528	658,528
Unwinding of discount	-	27,960	27,960
Utilised during the year	-	(133,594)	(133,594)
At 31 December 2006	**300,000**	**643,823**	**943,823**

Onerous lease

As at 31 December 2006, a provision of £643,823 (2005 £290,929) 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 6 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 2012 in accordance with FRS 12

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

	2006 £	2005 £
Accelerated capital allowances	**1,514,434**	1,144,346
Pension scheme deficit	**528,600**	1,648,800
Other short term timing differences	**634,146**	640,099
Trading losses	**1,534,155**	2,897,257
	4,211,335	6,330,502

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

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

17 Called-up share capital

Equity share capital	2006 £	2005 £
Authorised		
187,000 (2005 187,000) Ordinary shares of £1 each	**187,000**	187,000

Preference share capital

	2006 £	2005 £
Authorised		
10,000 (2005 10,000) Ordinary shares of £1 each	**10,000**	10,000

Equity share capital	2006 £	2005 £
Allotted, called-up and fully paid		
167,001 (2005 167,001) Ordinary shares of £1 each	**167,001**	167,001

Preference share capital

Authorised, allotted, called up and fully paid	2006 £	2005 £
10,000 (2005 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 2006 are £6,300 (2005 £5,600) 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 18)

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Notes to the financial statements for the year ended 31 December 2006 (continued)

18 Reserves

	Share premium £	Capital contribution £	Profit and loss account £	Total £
At 1 January 2006	**15,889,999**	**669,863**	**(21,500,771)**	**(4,940,909)**
Retained profit for the financial year	-	-	(759,196)	(759,196)
Actuarial gain on the pension scheme	-	-	352,000	352,000
Appropriation in respect of non-equity shares	-	-	700	700
At 31 December 2006	**15,889,999**	**669,863**	**(21,907,267)**	**(5,347,405)**
Pension deficit	-	-	**(1,762,000)**	-
Profit and loss reserve excluding pension deficit			**(20,145,267)**	

19 Reconciliation of movements in shareholders' deficit

	2006 £	2005 £
(Loss)/retained profit for the year	**(759,196)**	491,220
Actuarial gain on pension scheme	**352,000**	172,000
Appropriation in respect of non-equity shares	**700**	700
Net (reduction)/addition to shareholders' funds	**(406,496)**	663,920
Opening shareholders' deficit	**(4,763,908)**	(5,427,828)
Closing shareholders' deficit	**(5,170,404)**	(4,763,908)

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Notes to the financial statements for the year ended 31 December 2006 (continued)

20 Financial commitments

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

At 31 December 2006 the company had annual commitments under non-cancellable operating leases for assets expiring as follows

	2006		2005	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Within 1 year	-	**9,052**	-	4,739
Within 2-5 years	-	**16,467**	-	89,527
After 5 years	**547,000**	-	547,000	-
	547,000	**25,519**	547,000	94,266

b) Pension schemes

Defined contribution scheme

The company operates a defined contribution scheme for a small number of employees In 2006 the amount charged to the profit and loss account in respect of the scheme was £37,217 (2005 £41,123) No amounts are outstanding at the year end (2005 £nil)

Defined benefit scheme

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 last full actuarial valuation as carried out by a qualified, independent actuary, took place on 31 December 2004, using the projected unit actuarial cost method

The actuarial valuation described above has been updated at 31 December 2006 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 1 January 2004 The scheme was closed to new entrants with effect from 1st January 1997 As such, the service cost as a percentage of pensionable salaries will increase as members near retirement

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

20 Financial commitments (continued)

b) Pension schemes (continued)

	2006	2005	2004
Rate of increase in salaries	**4.2%**	3 9%	4 1%
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	**2.9%**	2 6%	2 9%
Discount rate	**5.0%**	4 7%	5 3%
Inflation assumption	**2.9%**	2 6%	2 9%

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

		2006 %	2006 £	2005 %	2005 £	2004 %	2004 £
Equities		**7.5**	**7,296,000**	7 5	6,202,000	7 0	8,039,000
Bonds -	Government	**4.6**	**3,226,000**	4 0	3,227,000	5 0	955,000
-	Corporate	**5.0**	**3,203,000**	4 7	3,172,000	-	-
Other -	Cash	**4.75**	**3,321,000**	4 0	97,000	4 75	1,286,000
Total fair value of assets			**17,046,000**		12,698,000		10,280,000
Present value of scheme liabilities			**(18,808,000)**		(18,194,000)		(16,428,000)
Deficit in the scheme			**(1,762,000)**		(5,496,000)		(6,148,000)

GBC (United Kingdom) Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

20 Financial commitments (continued)

b) Pension schemes (continued)

Analysis of the amount charged to operating profit

	2006 £	2005 £
Service cost	**181,000**	168,000

Analysis of amount charged to other finance expense

	2006 £	2005 £
Expected return on pension scheme assets	**840,000**	686,000
Interest on pension liabilities	**(850,000)**	(865,000)
Net charge	**(10,000)**	(179,000)

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

	2006 £	2005 £
Actual return less expected return on pension scheme assets	**346,000**	1,292,000
Experience losses arising on the scheme liabilities	**(82,000)**	(144,000)
Changes in assumptions underlying the scheme liabilities	**88,000**	(976,000)
Actuarial gain recognised in the STRGL	**352,000**	172,000

Movement in deficit during the year

	2006 £	2005 £
Deficit in scheme at beginning of the year	**(5,496,000)**	(6,148,000)
Current service cost	**(181,000)**	(168,000)
Contributions	**3,573,000**	827,000
Other finance expense	**(10,000)**	(179,000)
Actuarial gain	**352,000**	172,000
Deficit in scheme at end of the year	**(1,762,000)**	(5,496,000)

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Notes to the financial statements for the year ended 31 December 2006 (continued)

20 Financial commitments (continued)

b) Pension schemes (continued)

History of experience gains and losses

	2006	2005	2004	2003	2002
Difference between expected and actual return on scheme assets:					
Amount (£'000)	**346**	1,292	208	844	(2,369)
Percentage of scheme assets	**2.0%**	10 2%	2 0%	9 4%	(31 1%)
Experience gains and losses on scheme liabilities					
Amount (£'000)	**(82)**	(144)	-	837	(56)
Percentage of scheme liabilities	**(0.4%)**	(0 8%)	0 0%	5 4%	(0 4%)
Total amount recognised in statement of total recognised gains and losses:					
Amount (£'000)	**352**	172	(285)	(866)	(3,636)
Percentage of scheme liabilities	**1.9%**	0 9%	(1 7%)	5 6%	(24 6%)

21 Immediate and Ultimate parent company

The immediate parent undertaking is GBC United Kingdom Holdings Limited

The ultimate parent undertaking and controlling party is ACCO Brands Corporation, a company incorporated in the United States of America

ACCO Brands Corporation is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2006 The consolidated financial statements of ACCO Brands Corporation are available 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 ACCO Brands Corporation, and the consolidated financial statements in which the company's results are included are available to the public