

GBC (United Kingdom) Limited  
Annual Report  
for the year ended 31 December 2003

Registered number: 1056410



# **GBC (United Kingdom) Limited**

## **Annual report for the year ended 31 December 2003**

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# **GBC (United Kingdom) Limited**

## **Directors and advisers**

T Stenebring  
P Evans (resigned 24 December 2003)  
S Rubin  
M Beerkens

## **Secretary**

P Evans (resigned 24 December 2003)  
Mrs R Barker (appointed 6 August 2004)

## **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 2003.

### **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 £15,704,968 (2002: £16,721,789 restated). The profit for the year before taxation amounted to £203,062 (2002: loss of £410,489).

GBC 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 will be centralised in Europe in 2005. The directors are confident that these changes together with other business opportunities will help the company to grow in the future.

Prior Year restatements have been made in respect of recognising the company's intercompany balances with dormant subsidiaries that had previously been aggregated into the company's Profit and Loss reserve. Consideration was given to the accounting policy in relation to turnover and all sums in respect of rebates are now treated as a reduction in turnover. Previously these were included in operating expense.

### **Proposed dividend and transfer to reserves**

The directors do not recommend the payment of a dividend (2002: £nil). Accordingly, the profit for the financial year of £202,362 (2002: loss of £413,989) 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.

### **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**



**M Beerkens**  
**Director**

3/6/05 June 2005

## **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;
- 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Southampton  
...7...June 2005

**GBC (United Kingdom) Limited**  
**Profit and loss account**  
**for the year ended 31 December 2003**

	Note	2003 £	As restated 2002 £
<b>Turnover</b>	2	<b>15,704,968</b>	16,721,789
Cost of sales		<b>(8,909,148)</b>	(9,891,389)
<b>Gross profit</b>		<b>6,795,820</b>	6,830,400
Other operating expenses	5	<b>(6,519,416)</b>	(7,096,907)
<b>Operating profit/(loss)</b>		<b>276,404</b>	(266,507)
Interest receivable and similar income	6	<b>8</b>	951
Interest payable and similar charges	7	<b>(73,350)</b>	(144,933)
<b>Profit/(loss) on ordinary activities before taxation</b>	3	<b>203,062</b>	(410,489)
Tax on profit on ordinary activities	8	-	-
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>203,062</b>	(410,489)
Preference share appropriation	15	<b>(700)</b>	(3,500)
<b>Profit/(loss) for the financial year</b>	16	<b>202,362</b>	(413,989)

All the above activities are derived from continuing activities.

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

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 7 to 23 form part of these financial statements.

**GBC (United Kingdom) Limited**  
**Balance sheet**  
**at 31 December 2003**

	Note	2003 £	As restated 2002 £
<b>Fixed assets</b>			
Tangible assets	9	947,807	1,377,803
Investments	10	157,000	157,000
		<b>1,104,807</b>	<b>1,534,803</b>
<b>Current assets</b>			
Stocks	11	1,588,796	1,513,343
Debtors	12	4,112,831	5,223,867
Cash at bank and in hand		13,966	34,091
		<b>5,715,593</b>	<b>6,771,301</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(5,464,131)</b>	<b>(7,174,897)</b>
<b>Net current assets/(liabilities)</b>		<b>251,462</b>	<b>(403,596)</b>
<b>Total assets less current liabilities</b>		<b>1,356,269</b>	<b>1,131,207</b>
<b>Provisions for liabilities and charges</b>	14	<b>(556,000)</b>	<b>(534,000)</b>
<b>Net assets</b>		<b>800,269</b>	<b>597,207</b>
<b>Capital and reserves</b>			
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	16	(15,936,594)	(16,139,656)
<b>Total shareholders' funds</b>	17	<b>800,269</b>	<b>597,207</b>
<b>Analysis of shareholders' funds</b>			
Equity		786,069	583,707
Non-equity		14,200	13,500
		<b>800,269</b>	<b>597,207</b>

The financial statements on pages 5 to 23 were approved by the board of directors and were signed on its behalf by:

  
**M Beerkens**  
**Director**

... June 2005



**GBC (United Kingdom) Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2003**

**1. Statement of accounting policies**

A summary of the principal accounting policies is set out below. With the exception of the change of accounting policy for turnover, 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 amended their accounting policy in relation to turnover, full details are disclosed below in the turnover policy note.

**Going concern**

At 31 December 2003 the company had net assets of £800,269 (2002: £597,207). The directors have prepared the financial statements on a going concern basis. General Binding Corporation Inc 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 2003 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 and 2002 restatement**

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.

Financial Reporting Standard 5 was amended during the year by the addition of a new application note on revenue recognition. Consequently a review of the company's revenue recognition policy was undertaken. All sums paid in respect of rebates are now treated as a reduction in turnover. Previously, rebates were included in operating expense. The impact of the change on the current year was a reduction in revenue and operating costs of £607,748. The prior year revenue and operating costs have been restated to reflect the changes of policies, reducing them by £658,124.

**GBC (United Kingdom) Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2003**

**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.

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Deferred tax is recognised 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 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, in accordance with the Statement of Standard Accounting Practice 24 (SSAP 24).

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.

# **GBC (United Kingdom) Limited**

## **Notes to the financial statements for the year ended 31 December 2003**

FRS 17 "Retirement Benefits" will require the market value of assets and present value of defined benefit scheme liabilities to be reflected in the balance sheet based on market conditions at the balance sheet date. The pension scheme surplus or deficit is likely to be relatively volatile year on year. As at 31 December 2003, the Company has adopted the transitional disclosures of FRS 17. These are shown in the notes to the financial statements.

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.

### **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 – 4 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.

### **Stocks**

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

**GBC (United Kingdom) Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2003**

**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 FRS1 (Revised 1996) paragraph 5a.

**2 Segment information**

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

**3 Operating profit**

Operating profit is stated after charging:

	2003 £	2002 £
Depreciation	681,358	1,186,967
Rentals payable under operating leases:		
- plant and machinery	156,181	226,233
- land and buildings	547,000	547,000
Foreign exchange differences	88,548	139,603
<b>Auditors' remuneration:</b>		
- Audit services	34,500	34,500
- Non-audit services	-	-

**4 Staff numbers and costs**

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

	2003 Number	2002 Number
Management	1	-
Administration	19	16
Logistics	23	23
Sales	53	49
	96	88

**GBC (United Kingdom) Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2003**

Their aggregate remuneration comprised:

	2003 £	2002 £
Wages and salaries	2,414,024	2,022,831
Social security costs	242,807	185,395
Other pension costs	411,669	469,202
	<b>3,068,500</b>	<b>2,677,428</b>

**Directors' remuneration and transactions**

	2003 £	2002 £
Aggregate emoluments	56,355	90,445
Company contributions to money purchase pension schemes	-	460
	<b>56,355</b>	<b>90,905</b>
Compensation for loss of office	-	50,000

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

	2003 Number	2002 Number
Money purchase schemes	-	1
Defined benefit schemes	1	2
	<b>1</b>	<b>3</b>

Directors' emoluments in respect of three directors (2002: three) have been borne by another group company. The above details include no emoluments in respect of these Directors as their services are considered to be incidental to their other activities within the group.

**5 Other operating expenses**

	2003 £	as restated 2002 £
Selling and distribution costs	5,502,099	5,792,377
Administrative expenses	1,017,317	1,304,530
	<b>6,519,416</b>	<b>7,096,907</b>

**GBC (United Kingdom) Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2003**

**6 Interest receivable and similar income**

	2003 £	2002 £
Bank interest receivable	8	951

**7 Interest payable and similar charges**

	2003 £	2002 £
Bank loans and overdraft	14,639	12,674
Interest payable to fellow group companies	58,711	132,259
	73,350	144,933

**8 Tax credit on profit/(loss) on ordinary activities**

	2003 £	2002 £
<b>Current tax:</b>		
UK corporation tax on profits for the period	-	-
Adjustments in respect of previous periods	-	-
Total current tax	-	-
<b>Deferred tax:</b>		
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	-	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK 30% (2002 30%). The differences are explained below:

	2003 £	2002 £
Profit / (loss) on ordinary activities before tax	203,062	(410,489)
Profit / (loss) on ordinary activities multiplied by standard rate of UK corporation tax of 30%	60,919	(123,147)

**GBC (United Kingdom) Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2003 (continued)**

Effects of:

Expenses not deductible for tax purposes	49,943	6,150
Accelerated capital allowances	203,814	355,497
Other short term timing differences	(12,752)	116,560
Utilisation of tax losses and other deductions	(301,924)	(355,060)

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

**9 Tangible fixed assets**

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
<b>Cost</b>				
At 1 January 2003	352,312	507,522	5,914,680	6,774,514
Additions	-	-	251,362	251,362
At 31 December 2003	352,312	507,522	6,166,042	7,025,876
<b>Depreciation</b>				
At 1 January 2003	196,432	378,737	4,821,542	5,396,711
Charge for the financial year	19,938	23,545	637,875	681,358
At 31 December 2003	216,370	402,282	5,459,417	6,078,069
<b>Net book value</b>				
At 1 January 2003	155,880	128,785	1,093,138	1,377,803
At 31 December 2003	135,942	105,240	706,625	947,807

**10 Fixed asset investments**

	2003 £	2002 £
<b>Cost</b>		
At 1 January 2003 and 31 December 2003	157,000	157,000

# GBC (United Kingdom) Limited

## Notes to the financial statements

for the year ended 31 December 2003 (continued)

### 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	2003 £	2002 £
<b>Subsidiary undertakings:</b>		<b>Aggregate share capital and reserves:</b>	
GBC Basingstoke Limited	Dormant	756,719	756,719
Allfax (UK) Limited	Dormant	178,488	178,488
Mirabeau Contract Sales Limited	Dormant	60,305	60,305
Allfax Paper Products Limited	Dormant	(118,729)	(118,729)

### 11 Stocks

	2003 £	2002 £
Finished goods and goods for resale	1,588,796	1,513,343

### 12 Debtors

	2003 £	As restated 2002 £
Amounts falling due within one year:		
Trade debtors	2,226,349	2,933,128
Amounts owed by group undertakings	1,394,722	1,671,742
Prepayments and accrued income	491,760	618,997
	4,112,831	5,223,867

### 13 Creditors: Amounts falling due within one year

	2003 £	As restated 2002 £
Bank loans and overdrafts	155,845	521,893
Trade creditors	324,355	224,767
Amounts owed to group undertakings	3,066,928	3,603,650
Taxation and social security	75,447	77,333
Other creditors	199,377	307,614
Accruals and deferred income	1,642,179	2,439,640
	5,464,131	7,174,897



**GBC (United Kingdom) Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2003 (continued)**

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.)

**14 Provisions for liabilities and charges**

i)

	<b>Onerous lease provision £</b>	<b>Pension £</b>	<b>Total £</b>
At 1 January 2003	-	534,000	534,000
Reanalysed from accruals	68,000	-	68,000
Charge to the profit and loss account	80,000	302,000	(46,000)
Contributions paid	-	(428,000)	-
<b>At 31 December 2003</b>	<b>148,000</b>	<b>408,000</b>	<b>556,000</b>

**Pension deficit**

At 31 December 2003, a provision of £408,000 (2002: £534,000) has been recognised in accordance with SSAP 24 "Accounting for pension costs" relating to the actuarial deficit (see Note 18 b).

**Onerous lease**

As at 31 December 2003, a provision of £148,000 (2002: £68,000 included in accruals) 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.

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.

	<b>2003 £</b>	<b>2002 £</b>
Accelerated capital allowances	<b>1,344,919</b>	1,141,105
Other short term timing differences	<b>786,221</b>	798,973
Trading losses	<b>2,311,085</b>	2,613,009
	<b>4,442,225</b>	4,553,087

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 2003 (continued)

### 15 Called-up share capital

	2003 £	2002 £
<b>Authorised</b>		
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
	2003 £	2002 £
<b>Allotted, called-up and fully paid</b>		
167,001 Ordinary shares of £1 each	167,001	167,001
10,000 Cumulative preference shares of £1 each	10,000	10,000
	177,001	177,001

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 2003 are £4,200 (2002: £3,500). 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).

### 16 Reserves

	Share premium £	Capital contribution £	Profit and loss account £	Total £
At 1 January 2003	15,889,999	-	(15,657,027)	232,972
Prior year adjustment	-	669,863	(482,629)	187,234
At 1 January 2003 as restated	15,889,999	669,863	(16,139,656)	420,206
Profit for the financial year	-	-	202,362	202,362
Appropriation in respect of non-equity shares	-	-	700	700
At 31 December 2003	15,889,999	669,863	(15,936,594)	605,268

**GBC (United Kingdom) Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2003 (continued)**

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

	2003 £	As restated 2002 £
<b>Total shareholders' funds</b>		
At beginning of year - surplus/(deficit)	597,207	(1,679,538)
Prior year adjustment (see note 16)	-	187,234
	597,207	(1,492,304)
Proceeds of issue of ordinary share capital	-	2,500,000
Profit/(loss) for the financial year	202,362	(413,989)
Appropriation in respect of non-equity shares	700	3,500
At end of year – surplus	800,269	597,207
	2003 £	As restated 2002 £
<b>Shareholders' funds allocated to non-equity</b>		
Non-equity share capital	10,000	10,000
Cumulative dividend not yet declared	4,200	3,500
	14,200	13,500
<b>Shareholders' funds allocated to equity</b>		
Difference between total shareholders' funds and amount allocated to non-equity interests	786,069	583,707
Made up as follows:		
Equity shares	167,001	167,001
Reserves (Note 16)	623,268	420,206
Cumulative dividend due to non-equity shareholders	(4,200)	(3,500)
	786,069	583,707

**GBC (United Kingdom) Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2003 (continued)**

**18 Financial commitments**

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

	2003		2002	
	Land and buildings £	Plant and machinery £	Land and buildings £	Plant and machinery £
Operating leases which expire:				
- within 1 year	-	36,948	-	18,197
- within 2-5 years	-	75,841	-	389,529
- over 5 years	547,000	-	547,000	-
	547,000	112,789	547,000	407,726

**b) Pension schemes**  
**SSAP 24**

The company maintains a funded defined benefit pension scheme covering some employees. The last full actuarial valuation as carried out by a qualified, independent actuary, took place on 31 December 2000, using the projected unit actuarial cost method. The actuarial value of the assets was sufficient to cover 78% 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 being 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 15 years. At 31 December 2003 this gives rise to a provision in the balance sheet of £408,000 (2002: £534,000) (see Note 14). In 2003 the amount charged to the profit and loss account in respect of the scheme was £302,000 (2002: £381,637).

No improvements in benefits were made in the financial year. Company contributions remained at 16.1% of Pensionable Salaries plus annual lump sums of £250,000 for ten years with the first payment due no later than 31 March 2003. Following a subsequent valuation in September 2003, company contributions were set at 16.1% of Pensionable Salaries plus annual lump sums of £710,000 for three years and £305,000 for the next seven years, with the first payment due no later than 11 April 2004.

There is also a defined contribution scheme for a small number of employees. In 2003 the amount charged to the profit and loss account in respect of the scheme was £109,669 (2002 £87,565).

**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.

# GBC (United Kingdom) Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 18 Financial commitments (continued)

#### b) Pension schemes (continued)

The actuarial valuation described above has been updated at 31 December 2003 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 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.

	2003	2002	2001
Rate of increase in salaries	4.0%	3.8%	4.0%
Rate of increase in pensions in payment	2.8%	2.3%	2.5%
Discount rate	5.4%	5.5%	6.0%
Inflation assumption	2.8%	2.3%	2.5%
Rate of increase in deferred pensions	2.5%	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:

	2003 %	2003 £	2002 %	2002 £	2001 %	2001 £
Equities	7.0	7,579,000	7.0	6,275,000	7.0	7,828,000
Bonds	5.0	988,000	5.0	905,000	5.0	1,130,000
Other	4.0	455,000	4.0	428,000	4.0	540,000
Total fair value of assets	6.6	9,022,000	6.6	7,608,000	6.6	9,498,000
Present value of scheme		(15,382,000)		(14,801,000)		(12,889,000)
Deficit in the scheme		(6,360,000)		(7,193,000)		(3,391,000)

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

	2003 £	2002 £
Service cost	158,000	192,000
Past service cost	-	-
Total operating charge	158,000	192,000

# **GBC (United Kingdom) Limited**

## **Notes to the financial statements**

### **for the year ended 31 December 2003 (continued)**

#### **18 Financial commitments (continued)**

##### **b) Pension schemes (continued)**

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

	2003 £	2002 £
Expected return on pension scheme assets	504,000	621,000
Interest on pension liabilities	(807,000)	(768,000)
Net charge	(303,000)	(147,000)

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

	2003 £	2002 £
Actual return less expected return on pension scheme assets	844,000	(2,369,000)
Experience gains and losses arising on the scheme liabilities	837,000	(56,000)
Changes in assumptions underlying the scheme liabilities	(815,000)	(1,211,000)
Actuarial gain/(loss) that would have been recognised in the STRGL	866,000	(3,636,000)

###### **d. Movement in deficit during the year**

	2003 £	2002 As restated £
Deficit in scheme at beginning of the year	(7,193,000)	(3,391,000)
Movement in year:		
Current service cost	(158,000)	(192,000)
Contributions	428,000	173,000
Interest cost	(303,000)	(147,000)
Actuarial gain/(loss)	866,000	(3,636,000)
Deficit in scheme at end of the year	(6,360,000)	(7,193,000)

**GBC (United Kingdom) Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2003 (continued)**

**b) Pension schemes (continued)**

**History of experience gains and losses**

	2003	2002
Difference between expected and actual return on scheme assets:		
amount (£'000)	844	(2,369)
percentage of scheme assets	9.4%	(31.1%)
Experience gains and losses on scheme liabilities:		
amount (£'000)	837	(56)
percentage of scheme liabilities	5.4%	(0.4%)
Total amount recognised in statement of total recognised gains and losses:		
amount (£'000)	866	(3,636)
percentage of scheme liabilities	5.6%	(24.6%)

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

**Net assets**

	2003	As restated 2002
	£	£
Net assets (see note 16)	800,269	597,207
Pension provision, as calculated under SSAP 24 (note 14)	408,000	534,000
	1,208,269	1,131,207
Net pension liability, as calculated under FRS 17	(6,360,000)	(7,193,000)
Net liabilities, including liability as calculated under FRS 17	(5,151,731)	(6,062,793)

**Reserves**

	2003	As restated 2002
	£	£
Reserves (notes 16)	(15,936,594)	(16,139,656)
Pension provision, as calculated under SSAP 24 (note 14)	408,000	534,000
	(15,528,594)	(15,605,656)
Net pension liability, as calculated under FRS 17	(6,360,000)	(7,193,000)
Reserves, including liability as calculated under FRS 17	(21,888,594)	(22,798,656)

## GBC (United Kingdom) Limited

### Notes to the financial statements

#### for the year ended 31 December 2003 (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 intergroup 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.

#### 20 Prior year adjustment

Effect on consolidated profit and loss account for the year ended 31 December 2002.

	Notes	As reported £	Adjustments £	Restated £
<b>Turnover</b>	i)	17,379,913	(658,124)	16,721,789
Cost of sales		(9,891,389)	-	(9,891,389)
<b>Gross profit</b>		7,488,524	(658,124)	6,830,400
Other operating expenses	i)	(7,755,031)	658,124	(7,096,907)
<b>Operating (loss)</b>		(266,507)	-	(266,507)
Interest receivable and similar income		951	-	951
Interest payable and similar charges		(144,933)	-	(144,933)
<b>(Loss) on ordinary activities before taxation</b>		(410,489)	-	(410,489)
Tax on profit on ordinary activities		-	-	-
<b>(Loss) for the financial year</b>		(410,489)	-	(410,489)
Minority interests – non-equity		(3,500)	-	(3,500)
<b>(Loss) transferred to reserves</b>		(413,989)	-	(413,989)

i) Change in accounting policy see note 1



**GBC (United Kingdom) Limited**  
**Notes to the financial statements**  
**for the year ended 31 December 2003 (continued)**

**20 Prior year adjustment (continued)**

Effect on balance sheet at 31 December 2002.

	Notes	As reported £	Adjustments £	Restated £
<b>Fixed assets</b>				
Tangible assets		1,377,803	-	1,377,803
Investments		157,000	-	157,000
		1,534,803	-	1,534,803
<b>Current assets</b>				
Stocks		1,513,343	-	1,513,343
Debtors	ii)	5,105,138	118,729	5,223,867
Cash at bank and in hand		34,091	-	34,091
		6,652,572	118,729	6,711,301
<b>Creditors: amounts falling due within one year</b>	ii)	(7,243,402)	(68,505)	(7,174,897)
<b>Net current assets / (liabilities)</b>		(590,830)	187,234	(403,596)
<b>Total assets less current liabilities</b>		943,973	187,234	1,131,207
<b>Provisions for liabilities and charges</b>		(534,000)	-	(534,000)
<b>Net assets</b>		409,973	187,234	597,207
<b>Capital and reserves</b>				
Called up share capital		177,001	-	177,001
Share premium		15,889,999	-	15,889,999
Capital contribution	ii)	-	669,863	669,863
Profit and loss account		(15,657,027)	(482,629)	(16,139,656)
<b>Total shareholders' funds</b>		409,973	187,234	597,207
<b>Analysis of shareholders' funds</b>				
Equity		396,473	187,234	583,707
Non-equity		13,500	-	13,500
		409,973	187,234	597,207

ii) Restatement of 2002 is in respect of recognising the company's intercompany balances with its dormant subsidiaries. The reserves of the dormant subordinates had previously been aggregated into the company's Profit and Loss reserve.