

**ACCO EUROPE LIMITED**

Registered Number 2142066

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
for the 13 month period ended 31 December 2005



**ACCO EUROPE LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2005**

The directors present their annual report and audited financial statements for the 13 month period ended 31 December 2005. The 13 month period is due to the company changing its year end from 30 November to 31 December.

**PRINCIPAL ACTIVITY, BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The company is a holding company for subsidiaries, which manufacture and sell presentation and office products. The company did not trade during the year and is not expected to trade for the foreseeable future.

During the period the company was spun off from its previous parent company Fortune Brands Inc, and is now part of the newly created ACCO Brands Corporation, formed after the merger between Acco World Corporation and General Binding Corporation. This took place on 16 August 2005. The new ultimate parent undertaking of ACCO-REXEL Group Services Limited is Acco Brands Corporation.

**RESULTS AND DIVIDENDS**

The Company's profit before taxation for the period is £72,787,000 (2004: £11,530,000). The loss for the period has been transferred to reserves.

During the period dividends totalling £77,851,000 (2004: £11,483,000) were proposed and paid, these was paid in two instalments on 24 June 2005 and 29 November 2005. This equated to a dividend of £258.65 per £1 ordinary share.

**DIRECTORS AND THEIR INTERESTS**

Directors who served during the period, and upto the signing this report, were as follows:

Mr B.P. Cole	(Resigned 28 February 2005)
Mr P Chapman	(Resigned 2 May 2006)
Mr N.H. Wesley	(Resigned 7 July 2005)
Mr C.J. Pettican	(Resigned 31 March 2005)
Mr A.S. Page	
Mr N Fenwick	(Appointed 7 July 2005)
Mr P Munk	(Appointed 3 April 2006)
Mr R Guest	(Appointed 2 May 2006)

The directors do not have any interests in the shares of the company or any other body corporate in the group that are required to be disclosed under Schedule 7 of the Companies Act 1985.

ACCO EUROPE LIMITED

DIRECTORS' REPORT (Continued)  
FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which 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 assume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period 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 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.

Oxford House  
Oxford Road  
Aylesbury  
Buckinghamshire  
HP21 8SZ

By order of the Board



R M Geddie  
Secretary

30 October 2006

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCO EUROPE LIMITED

We have audited the financial statements of ACCO Europe Limited for the 13 month period ended 31st December 2005 which comprise the Profit and Loss Account, the Balance Sheet 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 31st December 2005 and of its result for the 13 month period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
West London

30 October 2006

ACCO EUROPE LIMITED

PROFIT AND LOSS ACCOUNT  
for the 13 month period ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Income from shares in group undertakings		72,783	11,483
Administrative income		4	47
<i>Operating profit</i>		<u>72,787</u>	<u>11,530</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>72,787</b>	<b>11,530</b>
Tax charge on profit on ordinary activities	3	<u>-</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	2	<b>72,787</b>	<b>11,530</b>
Dividends	4	<u>(77,851)</u>	<u>(11,483)</u>
<b>(LOSS) / RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>	9	<u><b>(5,064)</b></u>	<u><b>47</b></u>

All results derive from continuing operations.

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

The Company has no recognised gains or losses other than the loss stated above and therefore no statement of total recognised gains and losses has been presented.

ACCO EUROPE LIMITED

BALANCE SHEET  
as at 31 December 2005

	Notes	2005 £'000	2004 £'000
<b>FIXED ASSETS</b>			
Investments	5	93,131	93,131
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		19	19
Debtors	6	9	5,077
Creditors: amounts falling due within one year	7	-	(4)
<b>NET ASSETS</b>		<u>93,159</u>	<u>98,223</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	301	301
Share premium account	9	79,004	79,004
Other reserves	9	2,543	2,543
Profit and loss account	9	<u>11,311</u>	<u>16,375</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		<u>93,159</u>	<u>98,223</u>

The financial statements on pages 5 to 9 were approved by the board of directors on *30 October* 2006 and were signed on its behalf by :

  
R Guest  
Director

## ACCO EUROPE LIMITED

### Notes on the financial statements for the 13 month period ended 31 December 2005

#### 1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

##### a) Cash flow statement

Under FRS 1 (revised 1996) 'Cash Flow Statements', subsidiary undertakings are not required to present a cash flow statement where 90% or more of the voting rights are controlled within the group, provided that consolidated financial statements in which those subsidiary undertakings are included are publicly available. Accordingly, the company has not produced a cash flow statement, as the cashflows are included in the financial statements of the ultimate parent company, ACCO Brands Corporation (note 11).

##### b) Investments

Investments are stated at purchase cost less amounts written off to reflect any impairment of the carrying value. Investments are reviewed on an annual basis by management to ensure that no diminution in value has occurred. An impairment would be charged where the fair value per the review has fallen below the carrying value. As permitted by Section 228(2) of the Companies Act 1985 the company has not prepared consolidated financial statements. The results of the company and its subsidiary undertakings are consolidated within the publicly available financial statements of ACCO Brands Corporation, a company registered in the United States of America.

Acco Europe Limited is a wholly owned subsidiary of Acco Brands Europe Limited.

##### c) Taxation and deferred tax

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

#### 2 EMPLOYEE COSTS AND AUDITORS' REMUNERATION

##### Staff costs

The company had no employees during the period (2004: Nil).

##### Directors' emoluments and auditors' remuneration

No directors received emoluments in the period in respect of their services to Acco Europe Limited (2004: £Nil). Directors' emoluments were borne by another group company, Acco UK Limited.

The auditors' remuneration was borne by another group company, Acco UK Limited, in both the current and the prior period.

# ACCO EUROPE LIMITED

Notes on the financial statements for the 13 month period ended 31 December 2005 (continued)

## 3 TAX ON PROFIT ON ORDINARY ACTIVITIES

### a) Analysis of charge in period

	2005 £'000	2004 £'000
Current tax:		
UK corporation tax on profits of the period at 30% (2004: 30%)	21,836	3,459
Non-taxable income	(21,836)	(3,459)
Tax on profit on ordinary activities	-	-

### b) Factors affecting the tax charge for the period

The tax assessed for the period is lower (2004: lower) than the standard rate of corporation tax in the UK (30%).  
The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	72,787	11,530
Profit on ordinary activities multiplied by standard rate in the UK 30% (2004: 30%)	21,836	3,459
Effects of:		
Non-taxable income	(21,836)	(3,459)
Current tax charge for the period	-	-

## 4 DIVIDENDS

	2005 £'000	2004 £'000
<u>Equity ordinary shares of £1 each</u>		
Dividend paid £258.65 (2004: £38.15) per £1 ordinary share	77,851	11,483

## 5 INVESTMENTS

	2005 £'000
<u>Cost and net book value</u>	
At beginning and end of period	93,131

### Principal Group Investments

The company has interests in the following companies. All trading subsidiaries are engaged in the manufacture and distribution of office of office products and all subsidiaries are wholly owned (where the company owns 100% of the ordinary share capital) unless otherwise stated.

#### Directly owned:

##### Incorporated in the United Kingdom

#### Trading:

Day-Timers Europe Limited

#### Non-trading:

ACCO-Rexel Group Services Limited

#### Indirectly owned:

##### Incorporated in the United Kingdom

#### Trading:

ACCO UK Limited  
ACCO Eastlight Limited  
ACCO-Rexel (Northern Ireland) Limited

#### Non-trading:

Nobo Group Limited  
Nobo UK Limited  
Elite Optics Limited  
Velos- Perforex Limited

##### Country of incorporation

##### Entity

Ireland ACCO-Rexel Limited (66.67%)  
Australia ACCO Australia Pty Limited  
France ACCO France SAS  
Artois SA  
Germany ACCO Deutschland GmbH & Co KG  
Belgium Apollo Audio Visual SA  
Switzerland Hetzel GmbH  
Czech Republic ACCO Czech AS (99%)



# ACCO EUROPE LIMITED

Notes on the financial statements for the 13 month period ended 31 December 2005 (continued)

## 6 DEBTORS

	2005 £'000	2004 £'000
Amounts owed by group undertakings	9	5,077

## 7 CREDITORS: amounts falling due within one year

	2005 £'000	2004 £'000
Taxation and social security	-	4

## 8 CALLED UP SHARE CAPITAL

	2005 £'000	2004 £'000
<u>Authorised</u>		
100,000,000 Ordinary shares of £1 each	100,000	100,000
<u>Allotted, called-up and fully paid</u>		
300,988 (2004: 300,988) Ordinary shares of £1 each	301	301

## 9 COMBINED STATEMENT OF MOVEMENT ON RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share Premium £'000	Other Reserves £'000	Profit and loss £'000	Total £'000
At 1st December 2004	79,004	2,543	16,375	97,922
Loss for the financial period	-	-	(5,064)	(5,064)
At 31st December 2005	79,004	2,543	11,311	92,858

## 10 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by ACCO Brands Europe Limited, whose financial statements are publicly available.

## 11 ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The largest company preparing consolidated financial statements of which these results form part is the ultimate parent undertaking and controlling party, ACCO Brands Corporation, a company incorporated in the State of Delaware, in the USA. The consolidated financial statements of ACCO Brands Corporation are publicly available and can be obtained from their offices at 300 Tower Parkway, Lincolnshire, Illinois, USA.