

# ACCO EUROPE LIMITED

Registered Number 02142066

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
for the year ended 31 December 2017



## **Company Information**

### **Directors**

N Fenwick  
S Wells (Resigned 14 March 2017)  
C Hopkinson  
W Thomas (Appointed 14 March 2017)

### **Secretary**

R Geddie

### **Company Number**

02142066

### **Auditor**

KPMG LLP  
One North Fourth Street  
Milton Keynes  
MK9 1NE

### **Banker**

Bank of America  
2 King Edward Street  
London  
EC1A 1HQ

### **Registered Office**

Oxford House  
Oxford Road  
Aylesbury  
Bucks  
HP21 8SZ

**Strategic report**  
for the year ended 31 December 2017

**Principal activity**

The company is a holding company for subsidiaries, which manufacture and sell presentation and office products.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

**Business review**

On 1 February 2017 the company acquired the entire issued share capital of Esselte Group Holdings AB for £260m (excluding acquisition costs). The company issued 30 million ordinary shares on 30 January 2017 for consideration of £258m (€300m) to finance the acquisition. This acquisition is of the Esselte group of companies which has many operating subsidiaries in Europe and worldwide and is owner of trademarked brands of office products Esselte, Levitz and Rapid.

**Results and dividends**

The company's profit before taxation for the period is £18,085k (2016: £Nil). Dividends were paid to the company's parent ACCO Brands Europe Limited on 22 June 2017 for £154,602k and on 28 December 2017 for £23,957k (2016: £Nil).

**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 in the markets of the company's subsidiaries and also economic conditions that impact the company's borrowings. The board of the company monitors the performance of the trading companies and takes advantage of the parent company's treasury function, which monitors economic conditions, in order to mitigate these risks.

**FINANCIAL RISK MANAGEMENT**

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk, interest rate risk and foreign exchange risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

In order to ensure stability of cash out flows and hence manage interest rate risk, the company utilises the knowledge and experience of its group treasury function to actively manage the borrowing requirements of the company. The company has borrowings from both group companies and third-party finance providers; the make-up and monitoring of these facilities is carried out by the group treasury function.

The directors have the responsibility of monitoring the financial risk to the company but utilise the expertise of the treasury department of the ultimate parent company, ACCO Brands Corporation. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

**Price risk**

The company has no exposure to equity securities price risk as it holds no listed equity investments.

**Credit risk**

Where debt finance is utilised, this is subject to pre-approval by the group treasury department, who will advise the board of directors. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

**Interest rate cash flow risk**

The rate of interest earned/paid on the company's cash balances/loans & overdrafts are monitored on an ongoing basis by continuing review of rates available in the market. Deposits, loans and overdrafts are made with reference to these rates, in conjunction with projections of future cash requirements. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

**Foreign exchange risk**

The company has both borrowings and loans both in its functional currency and in Euros. This means that the company is subject to foreign exchange risk on these balances. In order to mitigate these risks, the group treasury function performs foreign currency hedges, with the parent holding any assets or liabilities setup as part of the hedging process. Gains or losses that relate to the funds belonging to the company are recharged from the parent.

By order of the Board



R Geddie  
Company Secretary  
Office address:  
Oxford House,  
Oxford Road  
Aylesbury  
Buckinghamshire  
HP21 8SZ

Date: 25/09/2018

**Directors' report**  
for the year ended 31 December 2017

The directors present their annual report and audited financial statements for the year ended 31 December 2017.

**Directors**

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

N Fenwick  
S Wells (resigned 14 March 2017)  
C Hopkinson  
W Thomas (appointed 14 March 2017)

**Political contributions**

The company made no political donations or incurred any political expenditure during the year.

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

**Going concern**

Notwithstanding the Company's net current liabilities of £289,005k the financial statements have been prepared on a going concern basis. The directors have received written confirmation from the ultimate parent undertaking that it will provide financial and other support as may be required to pay back any intercompany balances that may be called in. This will continue for the foreseeable future, and for a period of at least 12 months from the signing of these financial statements.

By order of the Board



R Geddie  
Company Secretary  
Office address:  
Oxford House,  
Oxford Road  
Aylesbury  
Buckinghamshire  
HP21 8SZ

Date:

25/09/2018

**ACCO EUROPE LIMITED**

**Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements  
for the year ended 31 December 2017**

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## KPMG LLP

Altius House  
1 North Fourth Street  
Milton Keynes  
MK9 1NE  
United Kingdom

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCO EUROPE LIMITED

#### Opinion

We have audited the financial statements of ACCO Europe Limited ("the company") for the year ended 31 December 2017 which comprise of the Income Statement and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

#### Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Matthewman (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
One North Fourth Street  
Milton Keynes  
MK9 1NE

27/9/18

ACCO EUROPE LIMITED

**Income Statement and Other Comprehensive Income**  
for the year ended 31 December 2017

	<u>Notes</u>	<u>2017</u> <u>£'000</u>	<u>2016</u> <u>£'000</u>
Income from shares in group undertakings		87,697	-
Administrative expenses		(186)	-
Interest payable and similar charges		(4,115)	-
Impairment of Investment	4	(65,311)	-
Operating profit		<u>18,085</u>	<u>-</u>
<b>RESULT BEFORE TAXATION</b>		<b>18,085</b>	<b>-</b>
Tax charge on profit on ordinary activities	3	<u>-</u>	<u>-</u>
<b>RESULT FOR THE FINANCIAL YEAR</b>		<b>18,085</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>18,085</b></u>	<u><b>-</b></u>

ACCO EUROPE LIMITED

Statement of Changes in Equity

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2016</b>	301	96,187	2,543	16,789	115,820
Profit and total comprehensive income for the year	-	-	-	-	0
Dividend paid	-	-	-	-	-
Credit in respect of share based payments	-	-	-	859	859
<b>At 31 December 2016</b>	<b>301</b>	<b>96,187</b>	<b>2,543</b>	<b>17,648</b>	<b>116,679</b>
Profit and total comprehensive income for the year	-	-	-	18,085	18,085
Dividend paid	-	-	-	(178,559)	(178,559)
Issue of shares	30,000	227,573	-	-	257,573
Capital reduction	(25,000)	(320,000)	-	345,000	-
Credit in respect of share based payments	-	-	-	745	745
<b>At 31 December 2017</b>	<b>5,301</b>	<b>3,760</b>	<b>2,543</b>	<b>202,919</b>	<b>214,523</b>

The accompanying notes on pages 10 to 13 form part of the financial statements.



ACCO EUROPE LIMITED

**Statement of Financial Position**  
as at 31 December 2017

	Notes	2017 £'000	2016 £'000
<b>FIXED ASSETS</b>			
Investments	4	503,528	116,678
<b>CURRENT ASSETS</b>			
Debtors	5	443	7,228
Creditors: amounts falling due within one year	6	(289,448)	(7,227)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(289,005)</u>	<u>1</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>214,523</u>	<u>116,679</u>
<b>NET ASSETS</b>		<u>214,523</u>	<u>116,679</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	5,301	301
Share premium account		3,760	96,187
Other reserves	8	2,543	2,543
Profit and loss account		202,919	17,648
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>214,523</u>	<u>116,679</u>

The accompanying notes on pages 10 to 13 form part of the financial statements.

The financial statements were approved by the board of directors on 25/09/2018 and were signed on its behalf by :



W Thomas  
Director

**Notes forming part of the financial statements**  
for the year ended 31 December 2017

**1 ACCOUNTING POLICIES**

ACCO Europe Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

By virtue of the small companies' regime, the Company is exempt from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company's ultimate parent undertaking, ACCO Brands Corporation, includes the company in its consolidated financial statements. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of ACCO Brands Corporation include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**a) Going concern**

Notwithstanding the Company's net current liabilities of £289,005k the financial statements have been prepared on a going concern basis. The directors have received written confirmation from the ultimate parent undertaking that it will provide financial and other support as may be required to pay back any intercompany balances that may be called in. This will continue for the foreseeable future, and for a period of at least 12 months from the signing of these financial statements.

**b) Cash flow statement**

Under Financial Reporting Standard 102 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

**c) Investments**

Investments are stated at cost less amounts written off to reflect impairment of the fair 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 book value.

**d) 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.

**e) Share options**

The fair value of equity-settled share-based payments to employees of the company's subsidiaries is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the company's estimate of shares or options that will eventually vest. The company accounts for the share-based payments made in its subsidiaries as an increase in the investments made in those subsidiaries.

**f) Basic financial instruments****Trade and other debtors/ creditors**

Trade and other debtors are recognised initially at transaction price less attributable transactions costs. Trade and other creditors are recognised initially at transactions price plus attributable transactions costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

**g) Consolidation**

The financial statements contain information about ACCO Europe Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the publicly available consolidated financial statements of its ultimate parent, ACCO Brands Corporation.

ACCO EUROPE LIMITED

**Notes forming part of the financial statements**  
for the year ended 31 December 2017 (continued)

**2 EMPLOYEE COSTS AND AUDITOR REMUNERATION**

Staff costs

The company had no employees during the year (2016: Nil).

Directors' emoluments and auditor remuneration

No directors received emoluments in the period in respect of their services to ACCO Europe Limited (2016: £Nil).

The auditor remuneration was borne by another group company, ACCO UK Limited, in both the current and the prior year.

Due to the nature of operations of the Group, the remuneration of the directors for their services to the ACCO Europe Limited is not contained in the records of the company. The directors are remunerated for their services to the group as a whole, which is disclosed in the financial statements of a group company, ACCO UK Limited. The directors do not consider it practical to apportion remuneration based on the services performed for individual undertakings within the Group. The financial statements of ACCO UK Limited are publicly available.

**3 TAX RESULT ON ORDINARY ACTIVITIES**

The tax assessed for the year is lower (2016: the same as) than the standard rate of the tax in the UK of 19.25% (2016: 20%). The differences are explained below:

a) Analysis of charge in year

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	18,085	-
Profit on ordinary activities multiplied by the standard rate in the UK of 19.25% (2016: 20%)	3,481	-
Effects of:		
Dividend income not taxable	(16,882)	-
Expenses not taxable	13,676	-
Group relief surrendered free of charge	(275)	-
Total tax charge for the year	-	-

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly

**4 INVESTMENTS**

	2017 £'000	2016 £'000
<u>Cost</u>		
At beginning of year	116,678	115,819
Investment in Esselte Group Holdings AB	267,095	-
Investment in Esselte European Holdings (Luxembourg) Sarl	174,311	-
Investment in Esselte Office Products GmbH	10,010	-
Increase in investment in respect of share based payments	745	859
At end of year	<b>568,839</b>	<b>116,678</b>
<u>Provision for diminution</u>		
At beginning of year	-	-
Impairment of Esselte European Holdings (Luxembourg) Sarl	65,311	-
At end of year	<b>65,311</b>	-
<u>Carrying value</u>		
At end of year	<b>503,528</b>	<b>116,678</b>

The company has reflected the charge for share based payments in its subsidiaries and has reflected this as an increased investment in subsidiaries. The impact on the result for the year was £Nil (2016: £Nil) and on net assets was £745k (2016: £859k).

Principal Group Investments

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

**Directly owned:**

**Trading:**

Esselte Group Holdings AB  
Esselte European Holdings (Lux) Sarl

**Non-trading:**

ACCO-Rexel Group Services Limited  
Day-Timers Europe Limited

**Registered Address**

Box 115, 330 27 Hestra, Gislaved, Sweden  
11-13, boulevard Grande Duchesse Charlotte, L-1331 Luxembourg, Grand Duchy of Luxembourg

**Registered Address**

Oxford House, Oxford Road, Aylesbury, Buckinghamshire, UK, HP21 8SZ  
Oxford House, Oxford Road, Aylesbury, Buckinghamshire, UK, HP21 8SZ

**Notes forming part of the financial statements  
for the year ended 31 December 2017 (continued)**

**Indirect Investments:**

**Registered Address**

ACCO EUROPE LIMITED

Notes forming part of the financial statements  
for the year ended 31 December 2017 (continued)

5 DEBTORS

	2017 £'000	2016 £'000
Prepayments	442	7,227
Amounts owed by group undertakings	1	1
	<b>443</b>	<b>7,228</b>

6 CREDITORS: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings	288,778	7,224
Other accruals	670	3
	<b>289,448</b>	<b>7,227</b>

Amounts due to group undertakings are unsecured and repayable on demand with interest of 2% on £7,200k and 2.5% on £ 281,588k

7 CALLED UP SHARE CAPITAL

	2017 £'000	2016 £'000
<u>Authorised</u> 100,000,000 Ordinary shares of £1 each	<b>100,000</b>	<b>100,000</b>
<u>Allotted, called-up and fully paid</u> 5,300,991 (2016: 300,991) Ordinary shares of £1 each	<b>5,301</b>	<b>301</b>

The company issued 30 million ordinary shares of £1 each on 30 January 2017 for consideration of €300m to finance the acquisition. On 21st June 2017, the company reduced their share premium reserve by £300m and credited distributable reserves. On 8th December 2017 the company reduced their share capital by £25m and share premium by £20m and credited distributable reserves.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

8 OTHER RESERVES

	Other Reserves £'000
At 1st January 2017	2,543
At 31st December 2017	<b>2,543</b>

9 RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of ACCO Brands Corporation, the company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

10 ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The company's immediate parent company is ACCO Brands Europe Limited. The financial statements of ACCO Brands Europe Limited are publicly available and can be obtained from Companies House in the UK.

The ultimate parent and controlling party is ACCO Brands Corporation, a company incorporated in the State of Delaware in the USA. The consolidated financial statements of ACCO Brands Corp. may be obtained from their offices at 4 Corporate Drive, Lake Zurich, Illinois 60047 - 8997, USA and are publicly available.