ACCO UK LIMITED

Registered Number 197754

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2011

ACCO UK LIMITED
Directors' report and financial statements
for the year ended 31 December 2011

Contents

Directors

A Page (appointed 20/04/11)
C Franey (appointed 22/03/11)
E Moseley
S Wells (appointed 20/10/11)
P Monaghan (resigned 08/07/11)
E Davies (resigned 20/04/11)
S Tempest (resigned 20/10/11)

Secretary and Registered Office

R Geddie, Oxford House Oxford Road, Aylesbury, Buckinghamshire, HP21 8SZ

Company Number
197754

Auditors
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

Bankers
Bank of America
2 King Edward Street
London
EC1A 1HQ

ACCO UK LIMITED
Directors' report
for the year ended 31 December 2011

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2011

Principal activities, business review and future developments

ACCO UK Limited ("the company") continues to be a manufacturer and distributor of office products The results for the company show a pre-tax loss of £2 5 million (2010 pre-tax profit of £4 9 million) for the year and sales of £80 4 million (2010 £79 8 million)

During the year a number of group dormant subsidiaries, both direct and indirect, were intentionally struck off at Companies House as part of a group entity simplification exercise As a result the Company waived amounts in inter-company debtors of £5 3m and received a waiver for amounts in inter-company creditors of £9 7m with these dormant group entities According to the ASB s Statement of principles for financial reporting the £5 3m is charged as an expense in the profit and loss account and the £9 7m is taken as a credit to reserves reflecting a distribution made by those subsidiaries to its parent company The net effect of these transactions is an increase in net assets of the Company of £4 4m

Business environment

The office products market in the UK remains highly competitive and in recent years consolidation in the retail and wholesale chain has increased the pressure on manufacturers' and distributors' margins Additionally, the rapid growth in Far Eastern manufacturing has led to further reductions in price and pressure on margins, particularly in the high-volume own-branded office products business

In light of the growth in the power of customers and increased competition in high volume low margin manufacturing, the company has sought to differentiate from the competition by investing heavily in its brands and developing new innovative products and solutions The company is committed to research and development in order to meet the needs of the changing office environment with exciting new product offerings

Strategy

The company's key strategy is to develop and maximise its core brands in the office products sector both in the UK and export markets The company is focussed on 5 key brands in the European market

- REXEL
- NOBO
- GBC
- KENSINGTON
- DERWENT

The company has moved away from the manufacturing of own branded products and has invested in high quality, innovative products The company is committed to becoming a marketing led brand focussed organisation

Research and development

As mentioned above research and development are critical in the strategy of the company The company incurred costs of £1,028,497 (2010 £1 251 717) The majority of these costs were recharged to the company's parent ACCO Brands Corporation as part of a research and development company policy

Future outlook

In 2012 the directors have undertaken a review of under performing products In addition, a review of channel strategy will allow greater focus on key customers Going forward the directors plan to further reduce administration and support costs while introducing innovative new products and strengthening the company's key brands to compensate for a period of lower demand These actions are expected to position the company strongly for the future

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 identified business risks affecting the company are set out below

Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the company

Competition / key customers

Due to consolidation within the industry there are now a few major Pan-European customers who comprise a large proportion of the company's sales The loss of these major customers would have a detrimental impact on the business of the company In order to ensure that these customers' needs are met and exceeded, the company is investing heavily in new product development in conjunction with its global partners in and outside of the group This will allow ACCO to continue to offer market leading products and also in the supply chain to ensure customer orders are processed in good time The company has dedicated sales and customer service teams to ensure that performance to these targets is achieved

Achievement of the above, with particular focus on research and development should also ensure that the company consistently delivers products that are above the level of those developed by competitors This continual development and investment in the brands is critical in ensuring the company remains a strong force in the market

Supply chain

Given the company's focus on innovative and high quality branded products it is important that the quality of all products and components sourced is maximised The company has quality inspectors to ensure products meet the required specifications Another aspect of the supply chain is ensuring customer orders are completed on time The company continues to ensure that stock levels are maintained and customer service levels are as high as possible All our service level targets were acheived during the year

Employees

The company's performance depends largely on the skills of its employees The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely impact the company's results To mitigate these issues the company is committed to maintaining competitive remuneration for employees and offering training and development opportunities to staff

Key performance indicators (KPIs)

The KPIs show that the adverse market conditions and the decision to exit certain unbranded lines have negatively impacted sales but good progress has been made in the year in inventory efficiency and cost control

	2011	2010	Definition, method of calculation and analysis
Growth rate (%)	1%	10%	Year on year sales growth expressed as a percentage UK sales were 4% lower reflecting the soft demand for traditional consumable product lines and also destocking by Customers In addition, there was a concerted effort to migrate a number of small customers through the wholesale channel where their needs could be served more effectively Sales for Kensington and Derwent categories remained strong The business continues to place significant emphasis on growing export sales Export business grew by 27% in the period
Gross margin (%)	31%	29%	Gross margin is the ratio of gross profit before exceptional items to sales expressed as a percentage
Go to market expenses (%)	11%	10%	Go to market expense is a measure of selling, marketing and advertising expenses as a percentage of total sales Cost control is consistent year on year
Inventory days	68	71	Inventory days is a measure of the success of the business in turning stock into sales It is measured by dividing stock by cost of sales excluding exceptional cost of sales and multiplying by 365

Results and dividends

The results for the year ended 31 December 2011 are set out in the profit and loss account on page 7 The loss before taxation for the period was £2 5 million (2010 profit £4 9 million)

The directors do not recommend the payment of a dividend (2010 £Nil)

Directors

Directors who served during the year and up to the date of signing these financial statements were as follows

E Davies	(resigned 20 April 2011)	A Page	(appointed 20 April 2011)
C Franey	(appointed 22 March 2011)	S Tempest	(resigned 20 October 2011
P Monaghan	(resigned 8 July 2011)	S Wells	(appointed 20 October 2011)
E Moseley			

Charitable donations

During the year the company made a number of charitable donations to various charities amounting to £1,163 (2010 £1,423) These donations supported initiatives put forward by the company's staff, customers and other stakeholders

Disabled employees

The company maintains a positive policy towards the employment of disabled people It endeavours to offer equal opportunities in employment training, career development and promotion wherever possible, both to newly disabled employees and to disabled job applicants

Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and various factors affecting the performance of the company During a period of change for the company every effort has been made to keep the employees aware of the financial and economic factors affecting the business, as well as the wider business strategy The company makes regular communications to staff on such issues and the views of employees are taken into account when making decisions that are likely to affect their interests through consultation with employees' representatives

Key employees involvement in the company's performance is encouraged through employee share schemes and other initiatives

Creditor payment policy

The company does not follow any code or standard on payment practice as it is the company's policy to settle creditors promptly on mutually agreed terms The terms will vary from supplier to supplier and the suppliers will be aware of the terms of payment

Management of financial risks

The company's operations expose it to a variety of financial risks that include in price risk, 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

The company continually monitors its cash flows in order to effectively manage its borrowings The company does not use derivative financial instruments to manage interest rate costs

The directors have the responsibility of monitoring the financial risk to the company and 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

Management of financial risks (continued)

Price risk

The company is exposed to commodity price risk as a result of its operations However, given the size of the company's operations the costs of managing exposure to commodity price risk exceed any potential benefits The directors will revisit the appropriateness of this policy should the company's operations, change in size or nature The company has no exposure to equity securities price risk as it holds no listed equity investments

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for planned operations

Interest rate cash flow risk

The rate of interest earned/paid on the company's cash balances/loans and overdrafts are monitored on an ongoing basis by continuous 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 operates in the global market, both buying and selling products on a global basis Where appropriate, the company buys forward foreign currency in order to mitigate the impact of movements in foreign exchange rates

Qualifying third party indemnity provision

A qualifying third party indemnity provision was in place for all directors during the financial 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 auditors are 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 auditors are aware of that information

Auditors

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

By order of the Board

Richard Geddie

R Geddie
Company Secretary

28th September 2012

ACCO UK LIMITED
Statement of directors' responsibilities in respect of the annual report and the financial statements
for the year ended 31 December 2011

The directors are responsible for preparing 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)

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 judgments 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, 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 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 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
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCO UK LIMITED

We have audited the financial statements of ACCO UK Limited for the year ended 31st December 2011 set out on pages 7 to 27 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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 auditors' 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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities 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 Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB s web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2011 and of its loss for the year then ended

- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and

- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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

Matt Lewis
Senior Statutory Auditor
for and on behalf of KPMG LLP

Date 28 September 2012

ACCO UK LIMITED
Profit and Loss account
for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
TURNOVER			
Continuing operations	2	**80,401**	79,750
Cost of sales	3	**(55,369)**	(56 682)
GROSS PROFIT		**25,032**	23,068
Distribution costs	3	**(3,554)**	(3 606)
Impairment	12	**(1,500)**	-
Intercompany receivables write off	3	**(5,331)**	
Other administrative expenses	3	**(17,588)**	(14,800)
Total administrative expenses	3	**(24,419)**	(14,800)
TOTAL OPERATING (LOSS)/PROFIT	6	**(2,941)**	4,662
Interest receivable and similar income	4	**186**	158
Interest payable and similar charges	5	**(681)**	(641)
Other finance income	5	**978**	727
(Loss) on sale of fixed assets		**-**	(49)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(2,458)**	4,857
Tax charge on ordinary activities	9	**(1,167)**	(1,120)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(3,625)**	3,737

All amounts relate to continuing operations

There are no differences between the profit on ordinary activities before taxation and the retained profit for the financial years stated above, and their historical cost equivalents

The accompanying notes on pages 10 to 27 form part of the financial statements

ACCO UK LIMITED
Balance sheet
as at 31 December 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Intangible assets	10	4,378	1,474
Tangible assets	11 a	15,421	15,600
Investments	12	33,510	33,617
		53,309	50,691
CURRENT ASSETS			
Stocks	13	10,257	11,004
Debtors (including £12,715,000 (2010 £7,011,000) falling due after more than one year)	14	39,816	42,096
Asset held for resale	11 b	1,413	1 500
Cash at bank and in hand		8,494	4,530
		59,980	59,130
CREDITORS amounts falling due within one year	15	(57,663)	(65,486)
NET CURRENT ASSETS/(LIABILITIES)		2,317	(6,356)
TOTAL ASSETS LESS NET CURRENT LIABILITIES		55,626	44,335
Provisions for liabilities and charges	16	(3,454)	(3,371)
Long term deferred income	17	(379)	(427)
NET ASSETS EXCLUDING PENSION DEFICIT		51,793	40,537
Pension deficit	24	(20,968)	(6,300)
NET ASSETS INCLUDING PENSION DEFICIT		30,825	34,237
CAPITAL AND RESERVES			
Called up share capital	18	206	206
Share premium account	19	20,304	20,304
Profit and loss account	19	10,315	13 727
TOTAL SHAREHOLDERS' FUNDS	20	30,825	34,237

The financial statements on pages 7 to 27 were approved by the board of directors on 28 September 2012 and were signed on its behalf by

A Page
Director

Registered Number 197754

ACCO UK LIMITED
Statement of total recognised gains and losses
for the year ended 31 December 2011

		2011 £'000	2010 £'000
Loss for the financial year	19	(3,625)	3,737
Actuarial (loss) on post retirement medical benefits	23	(51)	(271)
Deferred tax on actuarial loss on pension retirement medical benefits		(81)	76
Actuarial (loss)/gain on pension benefits	24/25	(13,736)	3,000
Deferred tax on actuarial loss on pensions		4,167	(821)
Share options	8	250	115
Capital contribution		9,664	-
Total recognised (losses)/gains relating to the year		(3,412)	5,836

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

The amendment to FRS 20 (IFRS 2) Vesting conditions and cancellations (mandatory for periods starting on/after 1 January 2010) The amendment clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and amends the accounting for cancellations and settlements by parties other then the entity

The amendment to FRS 8 Related Parties Disclosures (mandatory for periods beginning on/after 6 April 2008) The amendment has the effect that only wholly-owned subsidiaries are exempt from disclosure of intra-group transactions and there is no longer a disclosure exemption available in parent company's own financial statements

The amendment to FRS 21 Events after the balance sheet date (mandatory for periods starting on/after 1 January 2009) to confirm no obligation exists at the balance sheet date for dividends declared after that date

a) Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reason The company is reliant for its working capital on funds provided to it by the Company's ultimate parent undertaking, which has provided the company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so

b) Pension and other post-retirement benefits

The company operates two separate pension schemes, a defined contribution scheme and a defined benefit scheme It is the policy of the ACCO Europe group to fund pension liabilities on the advice of external actuaries who perform valuations every three years, where appropriate

Defined contribution schemes
Contributions are charged to the profit and loss account as and when they become payable to the pension scheme

Defined benefit schemes
The company contributes to two defined benefit schemes, the ACCO Europe Pension Plan and the GBC (UK) Limited Staff Pension Plan This is accounted for in accordance with FRS 17
The assets of those scheme are held separately from those of the company in an independently administered fund

The company provides health care on beneficial terms to eligible retired employees The liability is measured on an actuarial basis using the projected unit method discounted appropriately The net liability is presented within provisions and liabilities The current service costs and costs from settlements / curtailments are charged against operating profit Interest on the liability is included in other finance costs Actuarial gains and losses are reported in the statement of recognised gains and losses

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 The full impact of the initial recognition to the reserves is shown in note 19

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

c) Cash flow statement

Under Financial Reporting Standard 1 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

d) Tangible fixed assets and depreciation

Tangible fixed assets are shown at historic purchase cost less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over the estimated useful economic lives as follows

Freehold property	- 50 years
Short leasehold property	- term of lease
Plant and machinery	- 3-10 years
Office equipment and fittings	- 3-10 years
Motor vehicles	- 2 5-4 years

1 **Principal accounting policies (continued)**

e) **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

The financial statements contain information about ACCO UK Limited as an individual company and do not contain consolidated financial information as the parent of a group The company is exempt under section s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the publicly available consolidated financial statements of its ultimate parent, ACCO Brands Corporation, a company incorporated in the United States of America (address available in note 27)

f) **Stocks**

Stocks are stated at the lower of cost and net realisable value Cost incurred in bringing each product to its present location and condition is is based on

Raw materials and purchased goods	- purchase cost on a first-in first-out basis including transport costs
Work-in-progress and manufactured goods	- cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity

Net realisable value is based on estimated normal selling price less further cost expected to be incurred to completion and sale Provision is made for obsolete, slow-moving or defective items where appropriate

g) **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

h) **Foreign currencies**

Transactions denominated in foreign currencies are recorded in sterling at the exchange rates prevailing at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the year-end Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account

Financial commitments in relation to forward exchange contracts are measured at the rate prevailing at the balance sheet date and disclosed accordingly in note 21 Gains and losses on such contracts are recognised as they crystallise

i) **Turnover**

Turnover is stated net of value added tax (VAT), customer rebates, discounts and credit notes at the fair value of the right to consideration for goods supplied to customers in the normal course of business

The directors consider that the right to consideration vests when the products have been received by the customer as such revenue is recognised at this point

j) **Leases**

Rentals under operating leases are charged on a straight line basis directly to the profit and loss account over the term of the lease

k) **Research and development**

Research and development expenditure is written off to the profit and loss account as incurred

l) **Goodwill**

Goodwill, arising on the transfer of trade and assets from subsidiaries, is amortised at a rate calculated to write off its value on a straight line basis over its estimated useful economic life, which is considered to be 20 years Management reviews goodwill on an annual basis and impairments are charged where the carrying value has fallen below the net book value

1 Principal accounting policies (continued)

m) Share options

In accordance with FRS 20 the fair value of equity-settled share-based payments to employees 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 At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest It recognises the impact of the revision to original estimates, if any in the profit and loss account with a corresponding adjustment to equity In the case of options granted fair value is measured by a Black-Scholes pricing model Further details are set out in note 8

n) Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders

o) Royalties

Royalty payments are calculated on a paid basis based on the level of sales of the respective products Royalty rates are agreed on a periodic basis

p) Financial instruments

The company has not fully adopted the requirements of FRS 27 as it has elected not to adopt the fair value accounting rules

q) Long term deferred income

Long term deferred income is treated in accordance with FRS 5 where the revenue is spread over the life of the contract and recognised in the relevant period

2 Turnover

The company is considered to carry on one class of business the manufacture and distribution of office products

Turnover by geographical destination was as follows

	2011 £'000	2010 £'000
United Kingdom	63,856	66 740
Rest of Europe	4,199	2,846
Africa	6,275	5,066
Asia	3,193	2,921
Australia	259	232
Americas	2,619	1,945
	80,401	79,750

3 Cost of sales and net operating expenses

	2011 £'000	2010 £'000
Cost of sales	55,369	56 682
Distribution costs	3,554	3,606
Impairment	(1,500)	-
Intercompany receivables write off	(5,331)	
Other administrative expenses	(17,588)	14,800
Administrative expenses	(24,419)	14 800
Operating expenses	(20,865)	18 406

During the year a number of group dormant subsidiaries, both direct and indirect, were intentionally struck off at Companies House as part of a group entity simplification exercise As a result the Company waived amounts in inter-company debtors of £5 3m According to the ASB s Statement of principles for financial reporting the £5 3m is charged as an expense in the profit and loss account

ACCO UK LIMITED
Notes forming part of the financial statements
for the year ended 31 December 2011 (continued)

4 Interest receivable and similar income

	2011 £'000	2010 £'000
Bank interest	33	31
Other interest receivable	153	127
Interest receivable	186	158

4 5 Other finance income

	2011 £'000	2010 £'000
Pension finance cost	-	-
Pension finance income	(1,155)	(900)
Post retirement medical benefits finance cost	177	173
Debt issuance cost	-	-
Other finance income	(978)	(727)

5 Interest payable and similar charges

	2011 £'000	2010 £'000
Interest on bank overdrafts	32	87
Interest on group loans	649	554
Interest payable	681	641

6 Operating profit

Operating profit is stated after charging/(crediting)

		2011 £'000	2010 £'000
Research and development		131	32
Amortisation of goodwill		251	199
Depreciation of tangible fixed assets	- Owned	2,321	2 538
Restructuring expenses		540	(38)
Write down of investment in GBC (United Kingdom) Limited		1,500	-
Strike off of dormant companies		5,331	-
Net foreign exchange (gains)/losses		(150)	5
Loss on disposal of tangible fixed assets		-	49
Auditors' remuneration	- audit	291	225
Royalties to parent company		1,918	1,660
Rentals under operating leases	- land and buildings	744	798
	- plant and machinery	267	187
	- other	293	2

7 Directors' emoluments

	2011 £'000	2010 £'000
<u>All directors</u>		
Aggregate emoluments	1,320	1 115

Long term incentive scheme amounts included above represent incentive bonus payments and are accounted for on a cash basis Retirement benefits in 2011 are accruing to 5 directors (2010 6 directors) under defined benefit schemes

During the year 4 (2010 4) directors exercised share options in the parent company this included the highest paid director

<u>Highest paid director</u>	2011 £'000	2 010 £'000
Aggregate emoluments (including amounts received under long term incentive schemes)	386	487
Defined benefit pension scheme		
Accrued pension at the end of the year	-	9
	386	496

8 Employee information

Particulars of employee costs (including executive directors)

	2011 £'000	2010 £'000
Wages and salaries	11,980	12 480
Social security costs	1,197	1 248
Other pension costs (note 24)	843	792
Share based payments	235	508
	14,255	15 028

Registered Number 197754

8 **Employee Information (continued)**

	2011 Number	2010 Number
The average monthly number of persons (including executive directors) employed by the company during the year was as follows		
Production	61	63
Distribution	77	79
Sales	50	47
Administration	256	256
	444	445

The company's equity-settled share based payments comprise the ACCO Brands Share Plan Under this plan the company may award employees a combination of restricted shares performance shares share options and stock settled share appreciation rights based on shares of the parent company The amount of shares held in this plan and details of shares and share options subject to equity-settled share based payments are set out below

Options are granted with a fixed exercise price equal to the market value of the shares under options at the date of grant The contractual life of an option is 10 years Awards under the ACCO Brands Share Plan are generally reserved for employees at senior management level and above

With regard to grants of share options, the company expenses an estimate of how many options are likely to vest spread over the vesting period Options vest over a 3 year period from the date of grant, with one third of options vesting each year The maximum term within which the options must be exercised is 10 years from the date of grant The company makes grants at various points during the year and details of all recent grants are shown in the table below Options granted under the ACCO Brands Share Plan will become exercisable on the third anniversary of the date of grant Exercise of an option is subject to continued employment

Following the merger with GBC and spin-off from Fortune Brands, the company converted existing unvested Fortune Brands shares into ACCO Brands shares The conversion was made in such a way that the value of the old options was equal to that of the new options created All terms and conditions of the options remained materially the same, with the exception of the maximum exercise period which was reduced to 7 years from original grant date

Restricted shares ("RSU's") and performance shares ('PSU s") are expensed based on the fair value of the shares at the date of grant spread over the relevant period Both RSU's and PSU's allow key employees to receive an amount of shares 3 or 4 years after the grant of the RSU or PSU

Stock-settled stock appreciation rights ("SSAR's") provide key executives an incentive award based on the appreciation of the parent company's stock price over 3 years from grant date The award is settled by the issue of shares in the parent company, to the value (based on the stock price at settlement) of the appreciation in the stock price over the vesting period

During 2011 the company has made awards of PSUs to key executives These PSUs are valued at the share price on a grant date The SSARs are valued using a Black-Scholes model

ACCO Brands Share Plan	**18 May 2011** Peformance shares	**25 February 2010** Peformance shares
Share price at date of grant	£5 66	£4 52
Exercise price	£0 00	£0 00
Expected option life in years (maximum 10)	n/a	n/a
Risk-free interest rate over the life of the option	n/a	n/a
Expected volatility	n/a	n/a
Expected dividend yield	n/a	n/a
Fair value per option	£5 66	£4 52

The expected volatility for 2011 Stock Options is based on historical volatility over the past 4 5 years The expected life is the expected period to exercise The risk free rate of return is the yield on zero-coupon bonds of term consistent with the assumed option life

8 **Employee Information (continued)**

Reconciliation of option movements

Acco Brands Share Plan - Options

	2011 Number (000s)	2011 Weighted average exercise price (£)	2010 Number (000s)	2010 Weighted average exercise price (£)
Outstanding at 1 January	242	10	291	11
Transfers	-	10	-	11
Granted	-	-	-	-
Forfeited	-	7	(4)	7
Exercised	-	-	-	-
Lapsed	-	12	(45)	12
Outstanding at 31 December	242	10	242	10
Exercisable at 31 December	215	11	215	11

Acco Brands Share Plan - Restricted shares

	2011 Number (000s)	2011 Weighted average exercise price (£)	2010 Number (000s)	2010 Weighted average exercise price (£)
Outstanding at 1 January	20	-	46	-
Transfers	-	-	-	-
Granted	17	-	-	-
Forfeited	(4)	-	(5)	-
Exercised	(11)	-	(21)	-
Outstanding at 31 December	22	-	20	-
Exercisable at 31 December	-	-	-	-

Acco Brands Share Plan - Performance shares

	2011 Number (000s)	2011 Weighted average exercise price (£)	2010 Number (000s)	2010 Weighted average exercise price (£)
Outstanding at 1 January	61	-	62	-
Transfers	-	-	-	-
Granted	44	-	75	-
Forfeited	(9)	-	(76)	-
Outstanding at 31 December	96	-	61	-
Exercisable at 31 December		-	-	-

Acco Brands Share Plan - Stock-settled stock appreciation rights

	2011 Number (000s)	2011 Weighted average exercise price (£)	2010 Number (000s)	2010 Weighted average exercise price (£)
Outstanding at 1 January	133	-	345	-
Granted	-	-	-	-
Forfeited	(8)	-	(120)	-
Exercised	-		(92)	
Outstanding at 31 December	125	-	133	-
Exercisable at 31 December	-	-	-	-

The fair value of PSUs granted in the year was £250,000 (2010 SSARs £341 000)

Range of exercise prices	2011 Weighted average exercise price	2011 Number of shares ('000)	2011 Contractual weighted average remaining life	2010 Weighted average exercise price	2010 Number of shares ('000)	2010 Contractual weighted average remaining life
	£		(YRS)	£		(YRS)
£nil	0 00	119	2 0	0 00	81	2 4
£0 01-£4 99	1 19	125	0 0	1 15	133	0 0
£5 00-£9 99	8 98	90	2 1	8 97	90	3 1
£10 00-£14 99	13 53	152	1 8	13 51	152	2 8
£15 00-£19 99	0 00	-	0 0	0 00	-	0 0

The average Acco Brands Corp share price during the year was £5 66 (2010 £4 45) The total charge for the year relating to employee share based payment plans was £250 000 (2010 £115 000), all of which related to equity-settled share based payment tranactions

There was no deferred tax impact on share based payments

9 Tax charge on profit on ordinary activities

a) Analysis of credit in year

	2011 £'000	2010 £'000
Current tax		
UK corporation tax at 26 5% on profit for year (2010 28%)	-	-
Adjustment in respect of prior years	-	(332)
Total current tax	-	(332)
Deferred tax		
Origination and reversal of timing differences	1,167	1,452
Total deferred tax	1,167	1 452
Total tax charge on profit on ordinary activities	1,167	1,120

The tax assessed on the profit / (loss) on ordinary activities for the period is lower that the standard rate of corporation tax in the UK of 26 5% (2010 28%) The differences are reconciled below

b) Factors affecting the tax charge for the year

	2011 £'000	2010 £'000
(Loss)/Profit on ordinary activities before tax	(2,458)	4,857
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 5% (2010 28%)	(651)	1,360
Effects of		
Permanent differences	2,142	24
Accelerated capital allowances	(1,013)	538
Short term timing differences	68	(732)
Utilisation of brought forward tax losses	(546)	(1,190)
Adjustment in respect of prior years	-	(332)
Total current tax credit for the year	-	(332)

10 Intangible assets

	Goodwill £'000
Cost	
At the beginning of the year	4,005
Increase during the year	3 155
At end of year	7 160
Accumulated amortisation	
At the beginning of the year	2 531
Charged during the year	251
At the end of the year	2,782
At the end of the year	4,378
At the beginning of the year	1,474

10 **Intangible assets (continued)**

Goodwill of £271,474 arose on the purchase of the trade and assets of Apollo Presentation Products Limited during 1998 Goodwill of £3,700,000 arose on the transfer of assets from Nobo UK to Acco UK during 1998 The directors consider the useful economic life to be 20 years Goodwill is amortised in accordance with these estimates Goodwill of £3,154,570 arose on the purchase of the trade, asssets and liabilities of GBC UK Limited during the year The directors consider the useful economic life to be 20 years

11 a **Tangible assets**

	Freehold property £'000	Short leasehold property £'000	Plant and machinery £'000	Office equipment and fittings £'000	Motor vehicles £'000	**2011 Total £'000**
Cost						
At the beginning of the year	10,147	2,074	17 525	13,399	1,294	**44,439**
Additions	-	-	1 076	1 192	1	**2,269**
Disposals	-	-	(118)	-	(621)	**(739)**
At the end of the year	**10,147**	**2,074**	**18,483**	**14,591**	**674**	**45,969**
Accumulated depreciation						
At the beginning of the year	3 338	1,694	14 764	8,111	932	**28,839**
Charge for year	221	63	946	996	95	**2,321**
Disposals	-	-	(118)	-	(494)	**(612)**
At the end of the year	**3,559**	**1,757**	**15,592**	**9,107**	**533**	**30,548**
Net book value						
At the end of the year	**6,588**	**317**	**2,891**	**5,484**	**141**	**15,421**
At the beginning of the year	6,809	380	2,761	5,288	362	15 600

Freehold property included land with a net book value of £404,000 (2010 £404 000)

The net book value of plant and machinery held under finance leases and hire purchase contracts at 31 December 2011 was £Nil (2010 £Nil)

11 b **Asset Held for Sale**

The asset held for sale is a freehold property at the Peterborough site which was closed in February 2008 The net book value at 31st December 2011 was £1 413 000 which was based on a surveyors valuation (2010 £1,500,00)

ACCO UK LIMITED
Notes forming part of the financial statements
for the year ended 31 December 2011 (continued)

12 Investments

	2011 £'000	2010 £'000
Financial investments		
Debentures		
Cost		
At the beginning of the year	11	12
Provision for diminution		
During the year	(1)	(1)
Net investment		
At the end of the year	10	11
Investment in subsidiaries		
Cost		
At the beginning of the year	59,008	59,008
Increase in investment in GBC UK Limited	1,500	
Disposals	(106)	
At the end of the year	60,402	59 008
Provision for diminution		
At beginning of year	25,402	25,402
Impairment	1,500	-
At the end of the year	26,902	25 402
Net investment		
At beginning of year	33,606	33,606
At the end of the year	33,500	33 606
Total Investments	33,510	33 617

The company holds 100% of the ordinary share capital of the following companies

Dormant companies registered in Great Britain
ACCO-Rexel Group Nominee Company Limited (formerly Rexel Limited)
The Cumberland Pencil Company Limited
ACCO Eastlight Limited

Businesses registered in Great Britain - Trading company
GBC (United Kingdom) Limited

Businesses registered in Great Britain - Holding company
Nobo Group Limited

Businesses registered in Czech Republic - Office Products Manufacturer
ACCO Czech AS

Businesses registered in Germany, engaged in the manufacture and distribution of office products
ACCO Deutschland Vermogensverwaltungs GmbH
ACCO Deutschland GmbH & Co KG

The directors believe that the book value of investments is not less that the value of the underlying assets

13 Stocks

	2011 £'000	2010 £'000
Raw materials and consumables	1,832	1,772
Work-in-progress	1,038	1 053
Finished goods and goods for resale	7,387	8,179
	10,257	11 004

There is no material difference between the purchase price / production cost of raw materials held to that of the replenishment cost

14 Debtors

	2011 £'000	2010 £'000
amounts falling due within one year		
Trade debtors	21,554	19,131
Amounts from group undertakings	4,427	14 842
Other debtors	325	350
Prepayments and accrued income	795	762
	27,101	35 085
amounts falling due after more than one year		
Debt issuance prepayment	237	372
Deferred tax asset (note 16)	12,478	6,639
	12,715	7,011
	39,816	42,096

15 Creditors amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	10,402	4 419
Amounts due to group undertakings	39,959	53,346
Other taxation and social security	2,295	1,330
Accruals and deferred income	5,007	6,391
	57,663	65,486

Amounts owed to group undertakings are unsecured, repayable on demand and interest is charged at 1 37% (2010 1 92%)

16 Provisions for liabilities and charges

	Other post-retirement benefits (Note 23) £'000	2011 Total £'000
At the beginning of the year	3 371	**3,371**
Utilisation	(173)	**(173)**
Profit and loss account	205	**205**
Actuarial loss	51	**51**
At the end of the year	**3,454**	**3,454**

Deferred taxation - movement in year

	2011 £'000
Deferred tax asset at the beginning of the year	**6,639**
Profit and loss account	**(1,167)**
Statement of recognised gains and losses	**4,086**
Transfer from GBC (United Kingdom) Limited	**2,920**
Deferred tax asset at the end of the year	**12,478**

Deferred taxation - recognised

	2011 £'000	2010 £'000
Accelerated capital allowances	**2,995**	3 358
Short term timing differences	**7,274**	2 633
Trading losses	**2,209**	648
Deferred tax asset	**12,478**	6,639

17 Long term deferred income

	2011 £	2010 £
	379	427

Long term deferred income relates to a grant on the Lillyhall property and has been spread over the life of the grant

18 Called up share capital

	2011 £	2010 £
Allotted, called-up and fully paid		
206 093 (2010 206,093) Ordinary shares of £1 each	**206,093**	206 093

19 Movements on reserves

	Share premium account £'000	Profit and loss account £'000	2011 Total £'000
At the beginning of the year	20,304	13 727	**34,031**
Loss for the financial year	-	(3,625)	**(3,625)**
Actuarial loss on pension fund	-	(13,736)	**(13,736)**
Deferred tax on actuarial loss on pension fund	-	4,167	**4,167**
Actuarial loss on pension retirement medical benefits	-	(51)	**(51)**
Deferred tax on actuarial loss on pension retirement medical benefits	-	(81)	**(81)**
Capital contribution arising on waiver of intercompany debt	-	9 664	**9,664**
Share based payments	-	250	**250**
At the end of the year	**20,304**	**10,315**	**30,619**

20 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Shareholders' funds at the beginning of the year	34,237	28 401
Loss for the financial year	(3,625)	3,737
Credit in respect of share based payments	250	115
Actuarial gain/(loss) on pension fund	(13,736)	3 000
Deferred tax on actuarial gain/(loss) on pension fund	4,167	(821)
Actuarial loss on post retirement medical benefits	(51)	(271)
Deferred tax on actuarial loss on pension retirement medical benefits	(81)	76
Capital contribution arising on waiver of intercompany debt	9,664	-
Shareholders' funds at the end of the year	30,825	34 237

As at 31 December 2011 shareholders' funds included a cumulative exchange loss of £82,000 (2010 loss of £232,000) in respect of long-term foreign investments which has been offset in reserves against the corresponding exchange gain on foreign currency borrowings

The capital contribution of £9 7m was generated on the strike off of dormant companies as explained in the Directors' Report

21 Guarantees and other financial commitments

	2011 £'000	2010 £'000
a) Guarantees		
HM Revenue & Customs	200	200
b) Capital commitments		
Expenditure contracted but not provided for	1,117	622

c) Lease commitments

The minimum annual rentals under non-cancellable operating leases are as follows

Operating leases which expire	Land and Buildings 2011 £'000	Land and Buildings 2010 £'000	Other 2011 £'000	Other 2010 £'000
Within 1 year	43	17	146	40
Within 2 - 5 years inclusive	701	581	414	136
After 5 years	-	176	-	-
	744	774	560	176

Lease commitments in respect of land and buildings are all in the name of the parent company, ACCO-Rexel Group Services Limited

22 Contingent liabilities

ACCO UK Limited is part of a Zero Balance sweep arrangement with its bank and monies are swept daily (sterling amounts only) to concentration accounts held in the name of the company and a fellow group company ACCO brands Benelux BV (euro and U S dollar amounts) Amounts due to or from related parties as a result of the sweeps are disclosed in amounts due to/from group undertakings (Notes 14 and 15)

23 Post-retirement benefits other than pensions

The liability for post-retirement benefits other than pensions relates to the provision of health care to eligible retired employees The liability has been ascertained from independent actuarial valuations which adopt the principal assumption that, over the long term the annual rate of increase in the cost of medical arrangements will be 4 50% (2010 5 25%)

This is an unfunded defined benefit scheme

The latest actuarial valuation under FRS 17 assumptions was carried out at 31 December 2011 The assumptions used are as follows

Discount rate - 4 70% (2010 5 4% 2009 5 8% 2008 6 6% 2007 5 8%, 2006 5 0%, 2005 4 7)
Medical cost trend - 4 50% (2010 4 25 2009 5 45% 2008 4 50%, 2007 5 25%) a year reducing gradually to 5 25% over a 5 year period)
Mortality - PCxA00 Medium cohort
Average retirement age - 63

23 **Post-retirement benefits other than pensions (continued)**

Under FRS 17 the liabilities of the scheme are as follows	2011 £'000	2010 £'000	2009 £'000
Present value of scheme liabilities	**3,454**	3,371	3,068
	3,454	3 371	3,068

The profit and loss charge under FRS 17 is as follows	2011 £'000	2010 £'000
Operating charge		
Current service cost	**28**	26
Other finance costs		
Interest on liabilities	**177**	173

The movement in deficit can be reconciled as follows	2011 £'000	2010 £ 000
Deficit as at 31 December 2010	**(3,371)**	(3,068)
Current service cost	**(28)**	(26)
Contributions	**173**	167
Other finance costs	**(177)**	(173)
Actuarial (loss) in STRGL	**(51)**	(271)
Deficit as at 31 December 2011	**(3,454)**	(3,371)

The deferred tax effect on of the £3 4m deficit is £0 081m

The actuarial loss has been recognised as follows	% of scheme liabilities 2011	2010	2009	2011 £'000	2010 £'000	2009 £'000
Change in assumptions				**-**	-	(700)
Experience gains arising on plan liabilities	**2%**	8%	19%	**51**	271	596
Actuarial loss/(gain) in STRGL	**2%**	8%	(3%)	**51**	271	(104)

The actuarial gain has been recognised as follows	% of scheme liabilities 2008	2007	2006	2008 £'000	2007 £'000	2006 £'000
Change in assumptions				607	(41)	(62)
Experience gains arising on plan liabilities	10%	(5%)	(5%)	311	(41)	(131)
Actuarial loss/(gain) in STRGL	30%	(7%)	(7%)	918	(82)	(193)

FRS 17 disclosures for net assets	2011 £'000	2010 £'000
Net assets excluding post retirement benefit liability	**34,279**	37,608
FRS 17 post retirement benefit liability (including pensions)	**(3,454)**	(3 371)
Net assets including FRS 17 post retirement benefit liability	**30,825**	34 237
FRS 17 disclosures for reserves		
Profit and loss reserve excluding post retirement benefit liability	**13,769**	17 098
FRS 17 post retirement benefit liability	**(3,454)**	(3,371)
Profit and loss reserve including FRS 17 post retirement benefit liability	**10,315**	13,727

Contributions of approximately £173,000 are expected to be paid to the scheme during 2012

24 **Pensions**

Defined benefit scheme
The company participates in a funded defined benefit scheme, the ACCO Europe Pension Plan The scheme is funded by contributions from employees and the company

The company is now a single scheme employer and fully discloses the assets and liabilities of the scheme below In 2008 the company adopted FRS17 and the initial impact resulted in the surplus of £12 600 000 being credited to the profit and loss account

The related 2011 pension cost recognised in operating expenditure for the company was £900 000 (2010 £1,000,000) As at the year end the company had £63 000 (2010 £67,500) outstanding in respect of the company's contribution to the fund Contributions of approximately £5 700 000 are expected to be paid to the scheme during 2012

The last full actuarial valuation as carried out by a qualified, independent actuary took place on 5 April 2009, using the projected unit actuarial cost method

The defined benefit pension scheme currently has a funding deficit The company has made supplemental contributions to the fund in order to fund the scheme up to the agreed funding target, as determined by the actuary and the trustees During the year the company made special pension contributions of £625,000 (2010 £1,990,300) The company remains committed to the defined benefit pension scheme

24 **Pensions (continued)**

	2011	2010
Rate of increase in salaries	**3 7%**	4 5%
Rate of increase in pensions in payment		
- on benefit earned prior to 1 January 1997	**nil**	nil
- on benefits earned on or after 1 January 1997	**2 5%**	3 2%
Discount Rate	**4 7%**	5 4%
Inflation assumption	**2 5%**	3 2%

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

	2011 %	2011 £m	2010 %	2010 £m
Equities	**7 8**	**68 0**	7 8	69 0
Fixed Interest Bonds	**3 6**	**47 8**	4 7	49 4
Cash	**0 5**	**2 0**	0 5	2 3
Property	**7 8**	**6 2**	7 8	6 0
Other	**4 7**	**0 7**	5 4	0 7
	6 3	**124 7**	6 6	127 4
Total fair value of assets		**124 7**		127 4
Present value of scheme liabilities		**142 7**		133 7
Deficit in the scheme		**(18 0)**		(6 3)

Mortality	2011	2010
Pensioners	PCxA00 Base Tables with Medium Cohort YoB	PCxA00 Base Tables with Medium Cohort YoB
Non pensioners	PCxA00 Base Tables with Medium Cohort YoB	PCxA00 Base Tables with Medium Cohort YoB

Analysis of the amount charged to operating profit	2011 £m	2010 £m
Service costs	**0 9**	1 0

Analysis of amount charged to other finance costs	2011 £m	2010 £m
Expected return on pension scheme assets	**(8 3)**	(8 2)
Interest on pension liabilities	**7 1**	7 3
Net (income) /charge	**(1 2)**	(0 9)

The expected return on assets is determined on the basis of averaged returns likely on the proportion of scheme assets invested in equities, bonds property and cash

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	2011 £m	2010 £m
Actual return less expected return on pension scheme assets	**(6 5)**	5 3
Experience losses arising on the scheme liabilities	**(2 3)**	0 7
Changes in assumptions underlying the scheme liabilities	**(4 6)**	(3 0)
Actuarial gain/(loss) recognised in the STRGL	**(13 4)**	3 0

ACCO UK LIMITED
Notes forming part of the financial statements
for the year ended 31 December 2011 (continued)

24 **Pensions (continued)**

Reconciliation of scheme asset	2011 £m	2010 £m
Assets at the beginning of the year		
Assets brought forward from initial impact of FRS17 adoption	127 4	116 6
Expected return on assets	8 3	8 2
Actual return less expected	(6 5)	5 3
Contribution by employer	1 4	2 7
Contribution by scheme participants	0.4	0 5
Benefits	(6 2)	(6 0)
Other	(0 1)	0 1
Assets at the end of the year	124 7	127 4

Reconciliation of scheme liabilities	2011 £m	2010 £m
Liabilities at the beginning of the year	(133 7)	(128 5)
Service cost	(0 9)	(1 0)
Interest cost	(7 1)	(7 3)
Change in assumption	(4 6)	(3 0)
Experience gains/ losses	(2 3)	0 7
Contribution by scheme participants	(0 4)	(0 5)
Benefits	6 2	6 0
Other	0 1	(0 1)
Liabilities at the end of the year	(142 7)	(133 7)

The deferred tax effect of the £18m deficit is £4 77m

History of experience gains and losses

	2011	2010
Difference between expected and actual return on scheme assets		
Amount (£m)	(6 5)	5 3
Percentage of scheme assets	-5 2%	4 2%
Experience gains and losses on scheme liabilities		
Amount (£m)	(2 3)	0 7
Percentage of scheme liabilities	1 6%	(0 5%)
Total actuarial gain / (loss) recognised in statement of total recognised gains and losses		
Amount (£m)	(13 4)	3 0
Percentage of scheme liabilities	9 4%	(2 2%)

The total recognised actuarial loss since adoption of FRS17 is £37 7m (2010 £24 3m)

Defined contribution scheme

The company also participates in a defined contribution money purchase scheme the ACCO Europe Retirement Savings Plan, the assets of which are held as units in an independently administered fund The 2011 pension cost represents contributions payable by the company to the fund and amounted to £168,000 (2010 £144 500) As at the end of the year there was £14 000 (2010 £12 000) outstanding in respect of the company's contribution to the fund Contributions of approximately £170 000 are expected to be paid to the scheme during 2012

25 **Pensions - transferred from GBC (United Kingdom) Limited**

On 1 September 2011 ACCO UK Limited purchased the trade, assets and liabilities of GBC UK Limited This included a defined contribution pension scheme and a defined benefit pension scheme The charges relating to the pension scheme shown in the profit and loss account of ACCO UK relate only to the last four months of the year

Defined contribution scheme

The company operates a defined contribution scheme for a small number of employees In 2011 the amount credited to the profit and loss account in respect of the scheme was £4 338 No amounts are outstanding at the year end Contributions of approximately £5,837 are expected to be paid to the scheme during 2012

Registered Number 197754

25 **Pensions - transferred from GBC (United Kingdom) Limited continued**

Defined benefit scheme

The last full actuanal valuation as carned out by a qualified independent actuary took place on 31 December 2011, using the projected unit actuanal cost method

The actuanal valuation descnbed above has been updated at 31 December 2011 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 contnbutions have been 18 2% of pensionable salanes from 1 Apnl 2011 Dunng the year special contnbutions of £910,416 were made in respect of deficit funding The scheme was closed to new entrants with effect from 1st January 1997 As such the service cost as a percentage of pensionable salanes may increase as members near retirement

Contnbutions of approximately £1 2m are expected to be paid to the scheme dunng 2012

	2011
Rate of increase in salanes	3 7%
Rate of increase in pensions in payment	
- on benefit earned pnor to 1 January 2002	3 2%
- on benefits earned on or after 1 January 2002	2 5%
Discount Rate	4 7%
Inflation assumption	2 5%

The discount rate used has been determined by reference to the yields on AA rated long dated corporate bonds

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

		2011 %	2011 £'000
Equities		7 8	3,502
Bonds	- Government	2 5	3,738
	- Corporate	4 7	12,388
	- Other - Cash	0 5	17
Total fair value of assets			19,645
Present value of scheme liabilities			(22,613)
(Deficit) in the scheme			(2,968)

The overall expected rate of return on assets is the weighted average rate of return for each of the assets classes as provided in the table above

Mortality		2011
	Pensioners	PCxA00 Base Tables with Medium Cohort YoB
	Non pensioners	PCxA00 Base Tables with Medium Cohort YoB

25 **Pensions - transferred from GBC (United Kingdom) Limited continued**

Analysis of the amount charged to operating profit	**2011 £'000**
Service costs	21

Analysis of amount charged to other finance costs / (income)	**2,011 £'000**
Expected return on pension scheme assets	(336)
Interest on pension liabilities	380
Net charge	45

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	**2011 £'000**
Actual return less expected return on pension scheme assets	825
Experience losses arising on the scheme liabilities	(304)
Changes in assumptions underlying the scheme liabilities	(857)
Actuarial (loss) recognised in the STRGL	(336)

Movement in deficit during the year	**2011 £**
(Deficit) at acquisition	(2,881)
Current service costs	(21)
Contributions	315
Other finance costs	(45)
Actuarial gain /(loss)	(336)
(Deficit) in scheme at the end of the year	(2,968)

Reconciliation of scheme asset	**2011 £'000**
Assets as at acquisition	19,331
Expected return on assets	336
Actual return less expected	825
Contribution by employer	315
Contribution by scheme participants	3
Benefits	(1,165)
Settlements	-
Assets at the end of the year	19,645

25 Pensions - transferred from GBC (United Kingdom) Limited continued

Reconciliation of scheme liabilities	**2011**
	£'000
Liabilities at acquisition	**(22,213)**
Service cost	**(21)**
Interest cost	**(380)**
Change in assumption	**(857)**
Experience gains/ losses	**(304)**
Contribution by scheme participants	**(3)**
Benefits	**1,165**
Settlements	**-**
Liabilities at the end of the year	**(22,613)**

History of experience gains and losses	**2011**
Difference between expected and actual return on scheme assets	
Amount (£'000)	**825**
Percentage of scheme assets	**4 2%**
Experience gains and losses on scheme liabilities	
Amount (£'000)	**(304)**
Percentage of scheme liabilities	**1 3%**
Total amount recognised in statement of total recognised gains and losses	
Amount (£'000)	**(336)**
Percentage of scheme liabilities	**1 5%**

26 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 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

27 Ultimate parent undertaking and controlling party

The immediate parent undertaking is ACCO Rexel Group Services Limited a company registered in England and Wales

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 300 Tower Parkway, Lincolnshire, Illinois 60069 - 3640, USA and are publicly available

28 Post balance sheet events

On 15th April 2012, the site and trading assets of the Denton manufacturing facility were sold to a third party for £1 3m