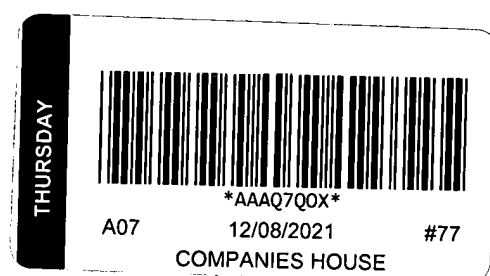


Registration number: 00241888

## **3M UK HOLDINGS LIMITED**

### **Annual Report and Financial Statements**

For the year ended 31 December 2020



## 3M UK HOLDINGS LIMITED

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### Contents

|   |          |
|---|----------|
| Company Information   | 1        |
| Strategic Report  | 2 to 3   |
| Directors' Report   | 4 to 6   |
| Independent auditors' report to the members of 3M UK Holdings Limited | 7 to 10  |
| Profit and Loss Account   | 11       |
| Balance Sheet   | 12       |
| Statement of Changes in Equity  | 13       |
| Notes to the Financial Statements                                     | 14 to 24 |

3M UK HOLDINGS LIMITED

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Company Information

|                      |  |
|----------------------|--|
| Directors            | D J Ashley<br>A Bennett<br>L Hanseid<br>K J Parks<br>L P Plaaterud   |
| Independent Auditors | PricewaterhouseCoopers LLP<br>3 Forbury Place,<br>23 Forbury Road,<br>Reading,<br>RG1 3JH,<br>Berkshire,<br>United Kingdom |
| Registered office    | 3M Centre,<br>Cain Road,<br>Bracknell,<br>Berkshire,<br>RG12 8HT   |
| Registration number  | 00241888   |

## 3M UK HOLDINGS LIMITED

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# Strategic Report

For the year ended 31 December 2020

The directors present their Strategic Report for the year ended 31 December 2020.

### Principal activities

The principal activity of the Company is a group holding company.

### Review of business

The Company made a profit in the year of £88,790,000 (2019: £99,764,000) and has net assets of £333,015,000 (2019: £333,011,000). The Company's trading subsidiaries continue to be profitable. Full business reviews are included in the annual reports of those companies (which do not form part of this report).

### Key performance indicators

Full reviews of key performance indicators are included in the annual reports of the Company's trading subsidiaries (which do not form part of this report). The directors do not consider KPIs are appropriate for the nature and operations of the Company.

### Principal risks and uncertainties

The Company's trading subsidiary, 3M United Kingdom Plc produces a diverse product portfolio for a wide range of markets and is thus well positioned to withstand sudden downturns in any single business area. Performance is monitored on a regular basis and appropriate actions taken.

The directors of the Company manage the group's risks at a group level, rather than at individual business unit level. Group being defined as 3M Company, with the main Head Office based in Minneapolis, USA. For this reason, the Company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of the business.

### Section 172(1) statement

The directors take their duties and responsibilities seriously when managing the Company. The way in which their duties and responsibilities are applied is covered, in part, within the Directors' Report on page 5 of these financial statements.

All decisions of the Company are aligned to our four strategic priorities, which are portfolio management, transformation, innovation, and our people and culture. All decisions of the Company are taken in line with our written policies and our Code of Conduct which, put simply, requires that all employees "Be Good, Be Honest, Be Fair, Be Loyal, Be Accurate, and Be Respectful".

The communities in which we operate are important to the Company. Our '3M gives' volunteering programme is focused on those communities where 3M has a presence, with a specific focus on supporting the teaching of Science, Technology, Engineering and Maths (STEM) subjects in schools local to our sites, consistent with our position as a science-based technology company. In normal times, we offer school visits to our larger workplaces (in particular, our Head Office in Bracknell, home to our Customer Innovation Centre) and run two 3M Young Innovators Challenges in the East Berkshire and Leicestershire/South Nottinghamshire areas (3M.co.uk/younginnovators). 3M STEM Ambassadors also visit schools as part of our 3M Visiting Wizards schools programme.

## 3M UK HOLDINGS LIMITED

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### Strategic Report

For the year ended 31 December 2020 (continued)

#### Section 172(1) statement (continued)

3M has a long-standing commitment to environmental stewardship and sustainability. We have been a consistent industry leader in addressing sustainability issues, beginning with the establishment of our Pollution Prevention Pays programme in 1975 and extending to our ambitious 2025 Sustainability Goals.

Setting and implementing global environmental policies, management systems and key performance metrics enables 3M to continually integrate and drive environmental stewardship in our business groups globally, assuring consistency and innovative environmental thinking.

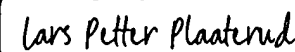
For more information on 3M's sustainability strategy, performance and progress visit the 2020 Sustainability Report: <https://multimedia.3m.com/mws/media/1836747O/2020-sustainability-report.pdf>

As a holding company the key stakeholders are limited to the parent company and ultimate parent.

The Company has just one member, 3M Intermediate Acquisitions BV, and one ultimate parent company. The Company's ultimate parent company is 3M Company in the USA which is listed on the New York Stock Exchange. The interests of 3M Company stockholders is paramount, and our parent company has an Investor Relations team which communicates regularly with stockholders and Wall Street to keep them informed of progress. The directors consider courses of action that enable delivery of our strategic priorities taking into account the impact on the 3M group of companies globally.

Approved by the Board on 9 August 2021 and signed on its behalf by:

DocuSigned by:



C1A79478B4514E3...

L P Plaaterud

Director

Date: 10 August 2021

## 3M UK HOLDINGS LIMITED

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### Directors' Report

For the year ended 31 December 2020

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2020.

#### Results and dividends

The Company made a profit after tax of £88,790,000 (2019: £99,764,000).

The directors recommended and paid a dividend of £88,786,000 (2019: £99,343,000). The aggregate dividends received on the ordinary shares of the Company's investments recognised during the year amounts to £88,826,000 (2019: £99,880,000).

#### Directors of the Company

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

D J Ashley

J R Grigg (resigned on 1 December 2020)

M I Malik (resigned on 1 December 2020)

S Semerciyan (resigned on 31 January 2021)

O Basaran Zihli (resigned on 15 March 2021)

A Bennett (appointed on 1 December 2020)

L Hanseid (appointed on 1 December 2020)

K J Parks (appointed on 1 December 2020)

L P Plaaterud (appointed on 1 December 2020)

#### Future developments

The directors expect the operation and performance of the Company to remain consistent for the foreseeable future and for the Company to remain a UK Holding Company for UK 3M subsidiaries.

3M, as a global company, is impacted by public health crises such as the global pandemic associated with COVID-19. The outbreak has significantly increased economic and demand uncertainty. In addition, public and private sector policies, and initiatives to reduce the transmission of COVID-19, such as the imposition of travel restrictions and the adoption of remote working, have impacted 3M's operations. In these challenging and dynamic circumstances, 3M is working to protect its employees and the public, maintain business continuity and sustain its operations.

The Company's management has considered the potential risks that the situation of COVID-19 may pose to the business. However, overall, no significant impact is so far seen or expected given the wide range of products and the precautionary measures in place. We do not see any major risks for 3M as a strong financial going concern.

#### Brexit

Brexit which was effective from 1st January 2021 has limited impact on 3M UK Holding being a non-trading entity.

## 3M UK HOLDINGS LIMITED

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### Directors' Report

For the year ended 31 December 2020 (continued)

#### Going concern

The directors have assessed the position of the Company for the next 12 months and taking into account the performance of the Company during the time of the COVID-19 outbreak, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### Financial risk management

In order to ensure stability of cash outflows and hence manage interest rate risk, the Company has a policy of obtaining any necessary funding from within the 3M group and interest is chargeable at the LIBOR rate.

The Company has both interest bearing assets and liabilities. Interest bearing assets include cash balances, that earn interest at a variable rate. The Company has a policy of obtaining debt finance from within the 3M group and operates a cash pooling policy on Company cash balances. This policy is considered appropriate considering the size and nature of the Company's operations.

#### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

## 3M UK HOLDINGS LIMITED

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### Directors' Report

For the year ended 31 December 2020 (continued)

#### Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Directors' liabilities

The Company maintains liability insurance for its directors and officers in accordance with the Articles of the Company. The Company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in place during the financial year and at the time of approval of the financial statements.

#### Reappointment of auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board on 9 August 2021 and signed on its behalf by:

DocuSigned by:



C1A7947BB4914E3:.....  
L P Plaaterud  
Director

Date: 10 August 2021  
Date: .....



## 3M UK HOLDINGS LIMITED

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# Independent auditors' report to the members of 3M UK Holdings Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, 3M UK Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Profit and Loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## 3M UK HOLDINGS LIMITED

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# Independent auditors' report to the members of 3M UK Holdings Limited (continued)

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## 3M UK HOLDINGS LIMITED

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# Independent auditors' report to the members of 3M UK Holdings Limited (continued)

### Responsibilities for the financial statements and the audit (continued)

#### *Auditor's responsibilities for the audit of the financial statements*

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of the financial statements through posting fraudulent journals. Audit procedures performed by the engagement team included:

- enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims;
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- reviewing internal audit reports;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## 3M UK HOLDINGS LIMITED

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# Independent auditors' report to the members of 3M UK Holdings Limited (continued)

### Responsibilities for the financial statements and the audit (continued)

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Other required reporting

#### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



John Ellis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

Date: 10 August 2021

## 3M UK HOLDINGS LIMITED

**Profit and Loss Account**

For the year ended 31 December 2020

|  | <i>Note</i> | <i>2020</i><br><i>£ 000</i> | <i>2019</i><br><i>£ 000</i> |
|--|-------------|-----------------------------|-----------------------------|
| Administrative expenses                  |             | -                           | (60)                        |
| Other operating income                   | 4           | <u>4</u>                    | <u>8</u>                    |
| <b>Operating profit/(loss)</b>           |             | <u>4</u>                    | <u>(52)</u>                 |
| Income from shares in group undertakings | 5           | 88,826                      | 99,880                      |
| Interest payable and similar expenses    | 6           | <u>(40)</u>                 | <u>(64)</u>                 |
| <b>Profit before tax</b>                 |             | 88,790                      | 99,764                      |
| Tax on profit                            | 10          | <u>-</u>                    | <u>-</u>                    |
| <b>Profit for the financial year</b>     |             | <u><u>88,790</u></u>        | <u><u>99,764</u></u>        |

The above results were derived from continuing operations.

The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of comprehensive income has been prepared.

The notes on pages 14 to 24 form an integral part of these financial statements.


## 3M UK HOLDINGS LIMITED

# Balance Sheet

as at 31 December 2020

|  | Note | 2020<br>£ 000  | 2019<br>£ 000  |
|--|------|----------------|----------------|
| <b>Fixed assets</b>                            |      |                |                |
| Investments                                    | 11   | 125,633        | 125,633        |
| <b>Current assets</b>                          |      |                |                |
| Debtors  | 12   | 229,803        | 229,700        |
| Cash at bank and in hand                       | 13   | 644            | 547            |
|  |      | <u>230,447</u> | <u>230,247</u> |
| Creditors: Amounts falling due within one year | 14   | (23,065)       | (22,869)       |
| <b>Net current assets</b>                      |      | <u>207,382</u> | <u>207,378</u> |
| <b>Total assets less current liabilities</b>   |      | <u>333,015</u> | <u>333,011</u> |
| <b>Net assets</b>                              |      | <u>333,015</u> | <u>333,011</u> |
| <b>Capital and reserves</b>                    |      |                |                |
| Called up share capital                        | 15   | 46,963         | 46,963         |
| Capital contribution reserve                   | 16   | 169,354        | 169,354        |
| Retained earnings                              | 16   | <u>116,698</u> | <u>116,694</u> |
| <b>Total equity</b>                            |      | <u>333,015</u> | <u>333,011</u> |

The financial statements on pages 11 to 24 were approved by the board of directors on 9 August 2021 and were signed on its behalf by:

DocuSigned by:  
  
 C1A7947BB4514E3.....  
 L P Plaaterud  
 Director

10 August 2021  
 Date: .....

Registration number: 00241888

The notes on pages 14 to 24 form an integral part of these financial statements.

## 3M UK HOLDINGS LIMITED

**Statement of Changes in Equity**

For the year ended 31 December 2020

|  | <i>Called up share<br/>capital<br/>£ 000</i> | <i>Capital<br/>contribution<br/>reserve<br/>£ 000</i> | <i>Retained<br/>earnings<br/>£ 000</i> | <i>Total equity<br/>£ 000</i> |
|--|--|---|--|-------------------------------|
| Balance as at 1 January 2019                         | 46,963                                       | 169,354   | 116,273                                | 332,590                       |
| Profit for the year                                  | -  | -   | 99,764                                 | 99,764                        |
| Total comprehensive income                           | -  | -   | 99,764                                 | 99,764                        |
| Dividends (Note 17)                                  | -  | -   | (99,343)                               | (99,343)                      |
| Balance as at 31 December 2019<br>and 1 January 2020 | 46,963                                       | 169,354   | 116,694                                | 333,011                       |
| Profit for the year                                  | -  | -   | 88,790                                 | 88,790                        |
| Total comprehensive income                           | -  | -   | 88,790                                 | 88,790                        |
| Dividends (Note 17)                                  | -  | -   | (88,786)                               | (88,786)                      |
| Balance as at 31 December 2020                       | 46,963                                       | 169,354   | 116,698                                | 333,015                       |

Contributions of £34,354,000 and £135,000,000 to the Company's permanent capital were made during 2011 and 2013 respectively by 3M International Group BV. The Company has stated its intention not to withdraw this capital, which is intended to rank equally with equity share capital and has thus been included as part of the capital contribution reserve.

The notes on pages 14 to 24 form an integral part of these financial statements.

## 3M UK HOLDINGS LIMITED

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# Notes to the Financial Statements

For the year ended 31 December 2020

## 1 General information

The Company is a group holding company. The Company is incorporated, domiciled and registered in England and Wales, United Kingdom. The Company's legal form is that of a private Company limited by shares. The address of its registered office is 3M Centre, Cain Road, Bracknell, Berkshire, RG12 8HT.

## 2 Accounting policies

### *Summary of significant accounting policies and key accounting estimates*

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### *Statement of compliance*

The individual financial statements of 3M UK Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

### *Basis of preparation*

These financial statements are prepared on a going concern basis, under the historical cost convention.

The financial statements are presented in Sterling which is the functional and presentational currency of the Company. Monetary amounts in these financial statements are rounded to the nearest thousand.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

### *Going concern*

The directors have assessed the position of the Company for the next 12 months and taking into account the performance of the Company during the time of the COVID-19 outbreak, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.



## 3M UK HOLDINGS LIMITED

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# Notes to the Financial Statements

For the year ended 31 December 2020

## 2 Accounting policies (continued)

### *Summary of disclosure exemptions*

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows;
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- (iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the year as required by paragraph 4.12(a)(iv) of FRS 102; and
- (iv) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

### *Consolidated financial statements*

The Company is a wholly owned subsidiary of 3M Holding Company B.V. and of its ultimate parent 3M Company. It is included in the full consolidation of the financial statements of its ultimate parent 3M Company. In accordance with the provisions of section 401 of the Companies Act 2006, group financial statements have not been prepared, and so these financial statements present the results of the Company only.

### *Taxation*

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

#### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## 3M UK HOLDINGS LIMITED

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# Notes to the Financial Statements

For the year ended 31 December 2020

## 2 Accounting policies (continued)

### *Taxation (continued)*

#### (ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

### *Investments*

Investments are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### *Distributions to equity holders*

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the year in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

### *Income from shares in group undertakings*

Dividend income is recognised when the right to receive payment is established.

## 3M UK HOLDINGS LIMITED

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# Notes to the Financial Statements

For the year ended 31 December 2020

## 2 Accounting policies (continued)

### *Financial instruments*

The Company has chosen to adopt Section 11 and 12 of FRS 102 in respect of financial instruments.

#### (i) Financial assets

Basic financial assets, including amount owed from fellow group companies and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the transaction price is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### (ii) Financial liabilities

Basic financial liabilities, including amount owed to fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### *Related party transactions*

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

## 3M UK HOLDINGS LIMITED

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# Notes to the Financial Statements

For the year ended 31 December 2020

### 3 Key sources of estimation uncertainty

#### *Critical accounting estimates and assumptions*

In the application of the Company's accounting policies which are described in note 2, the directors are required to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no critical accounting judgements or estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 4 Other operating income

The analysis of the Company's other operating income for the year is as follows:

|                                      | 2020<br>£ 000 | 2019<br>£ 000 |
|--------------------------------------|---------------|---------------|
| Miscellaneous other operating income | <u>4</u>      | <u>8</u>      |

### 5 Income from shares in group undertakings

The Company received income from investments consisting of dividends from subsidiary companies mentioned below:

|                     | 2020<br>£ 000 | 2019<br>£ 000 |
|---------------------|---------------|---------------|
| 3M Products Limited | 88,786        | 99,343        |
| Lotum SA            | <u>40</u>     | <u>537</u>    |
|                     | <u>88,826</u> | <u>99,880</u> |

## 3M UK HOLDINGS LIMITED

**Notes to the Financial Statements**

For the year ended 31 December 2020

**6 Interest payable and similar expenses**

|   | <i>2020</i><br><i>£ 000</i> | <i>2019</i><br><i>£ 000</i> |
|---|-----------------------------|-----------------------------|
| Interest payable on loans from group undertakings | <u>40</u>                   | <u>64</u>                   |

**7 Staff costs**

The Company had no employees other than directors during the year (2019: none).

**8 Directors' remuneration**

The directors' services to the Company are of a non-executive nature. All directors are paid by the Company's subsidiaries and no charge is made to the Company in respect of their services.

**9 Auditors' remuneration**

|   | <i>2020</i><br><i>£ 000</i> | <i>2019</i><br><i>£ 000</i> |
|---|-----------------------------|-----------------------------|
| Audit of the financial statements       | <u>60</u>                   | <u>60</u>                   |
| <b>Other fees to auditors</b>           |                             |                             |
| The audit of the Company's subsidiaries | <u>607</u>                  | <u>516</u>                  |

The Company's audit fee is borne by one of its subsidiaries and is not recharged to the Company.

In addition, the Company's auditors acted as auditors of the 3M UK group pension scheme. The fees paid to the Company's auditors for audit services to the pension scheme during the year were £61,000 (2019: £58,000).

## 3M UK HOLDINGS LIMITED

**Notes to the Financial Statements**

For the year ended 31 December 2020

**10 Tax on profit**

The tax on profit for the year is lower than the standard rate of corporation tax in the UK (2019: lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

|  | 2020<br>£ 000   | 2019<br>£ 000   |
|--|-----------------|-----------------|
| Profit before tax  | <u>88,790</u>   | <u>99,764</u>   |
| Corporation tax at standard rate in UK 19% (2019: 19%)   | 16,870          | 18,955          |
| Group relief   | 8               | 22              |
| Amounts not chargeable for tax: impairments, gain on dissolution of investments or dividend income | <u>(16,878)</u> | <u>(18,977)</u> |
| Total tax charge   | <u>-</u>        | <u>-</u>        |

A deferred tax asset of £2,604,000 (2019: £2,330,000) in relation to brought forward capital losses has not been recognised in the year due to uncertainty that there will be sufficient taxable profits against which the asset will crystallize in the foreseeable future.

There is no tax receivable or payable at 31 December 2020 (2019: nil).

**Factors that may affect future tax charges**

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

## 3M UK HOLDINGS LIMITED

**Notes to the Financial Statements**

For the year ended 31 December 2020

**11 Investments**

| <i>Cost and net book value</i> | <i>£ 000</i> |
|--------------------------------|--------------|
| At 1 January 2020              | 125,633      |
| At 31 December 2020            | 125,633      |

**Details of undertakings**

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

| <i>Name of undertaking</i>     | <i>Holding</i> | <i>Country of incorporation or registration</i> | <i>Description of shares held</i> | <i>Owned</i> |
|--------------------------------|----------------|---|-----------------------------------|--------------|
| 3M Products Limited            | Direct         | United Kingdom                                  | Ordinary £ 1                      | 100%         |
| 3M Pension Trustees Limited    | Direct         | United Kingdom                                  | Ordinary £ 1                      | 100%         |
| Merisdem Limited               | Direct         | United Kingdom                                  | Ordinary £ 1                      | 100%         |
| 3M United Kingdom Plc          | Indirect       | United Kingdom                                  | Ordinary £ 1                      | 100%         |
| 3M Health Care Limited         | Indirect       | United Kingdom                                  | Ordinary £ 1                      | 100%         |
| Scott Health & Safety Limited  | Indirect       | United Kingdom                                  | Ordinary £ 1                      | 100%         |
| Infrared Systems Group Limited | Indirect       | United Kingdom                                  | Ordinary £ 1                      | 100%         |
| Mmodal Limited                 | Indirect       | United Kingdom                                  | Ordinary £ 1                      | 100%         |
| 3M Ireland Limited             | Indirect       | Ireland   | Ordinary £ 1                      | 100%         |
| Lotum SA                       | Direct         | Spain   | Ordinary £ 1                      | 25%          |

The registered address of all companies is 3M Centre, Cain Road, Bracknell, Berkshire RG12 8HT with the exception of:

3M Ireland Limited 70 Sir John Rogerson's Quay, Dublin 2, Ireland.  
 3M Health Care Limited Derby Road, Loughborough, Leicestershire, LE11 5SF.  
 Lotum SA, C/Jovellanos 40-52 08930 Sant Adrià de Besòs, Espania.

## 3M UK HOLDINGS LIMITED

**Notes to the Financial Statements**

For the year ended 31 December 2020

**11 Investments (continued)**

The principal business activities of these subsidiaries are non-trading with the exception of:

|                        |   |
|------------------------|---|
| 3M United Kingdom Plc  | Manufacture and marketing of coated materials and other related products.   |
| 3M Health Care Limited | Holds the relevant regulatory and manufacturing licenses for products that serve markets that include medical clinics and hospitals, pharmaceuticals, dental and orthodontic practitioners, and health information systems. |
| 3M Ireland Limited     | Manufacture and marketing of coated materials and other related products.   |
| Mmodal Limited         | Provision of internet based technology solutions.   |

The directors believe that the carrying value of the investments is supported by the underlying net assets.

**12 Debtors**

|  | 2020<br>£ 000  | 2019<br>£ 000  |
|--|----------------|----------------|
| <i>Amounts falling due within one year</i> |                |                |
| Amounts owed by related parties            | <u>229,803</u> | <u>229,700</u> |

The amounts are unsecured and interest free. All amounts falling due within one year are repayable on demand.

**13 Cash at bank and in hand**

|              | 2020<br>£ 000 | 2019<br>£ 000 |
|--------------|---------------|---------------|
| Cash at bank | <u>644</u>    | <u>547</u>    |



## 3M UK HOLDINGS LIMITED

**Notes to the Financial Statements**

For the year ended 31 December 2020

**14 Creditors: Amounts falling due within one year**

|  | 2020  | 2019  |
|--|-------|-------|
|  | £ 000 | £ 000 |

**Due within one year**

|                                    |               |               |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | <u>23,065</u> | <u>22,869</u> |
|------------------------------------|---------------|---------------|

Of the amounts owed to group undertakings £6,038,000 (2019: £5,993,000) bear interest at the LIBOR rate (2019: LIBOR) and are unsecured. The remaining amounts are interest free and unsecured. All amounts falling due within one year are repayable on demand.

**15 Called up share capital****Allotted, called up and fully paid shares**

|                             | 2020                     | 2019                     |
|-----------------------------|--------------------------|--------------------------|
|                             | No. 000      £ 000       | No. 000      £ 000       |
| Ordinary shares of £10 each | <u>4,696      46,963</u> | <u>4,696      46,963</u> |

**16 Reserves**

Capital contribution reserve comprises the introduction of permanent capital made by group entities.

Retained earnings comprises all current and prior years retained profit and losses.

**17 Dividends****Final dividend paid**

|  | 2020          | 2019          |
|--|---------------|---------------|
|  | £ 000         | £ 000         |
| Final dividend of £18.91 (2019: £21.15) per ordinary share | <u>88,826</u> | <u>99,343</u> |

## 3M UK HOLDINGS LIMITED

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# Notes to the Financial Statements

For the year ended 31 December 2020

### 18 Parent and ultimate parent undertaking

The immediate parent undertaking is 3M Holding Company B.V.

3M UK Holdings Limited is a wholly owned subsidiary of 3M Company, a Company incorporated in the United States of America, as the ultimate parent Company and controlling party. This is the largest, and also the smallest, group of which the Company is a member and for which group financial statements are prepared. Copies of the consolidated financial statements of the ultimate parent Company may be obtained from 3M Investor Relations, 3M Center, Building 225-SN-04 St Paul, MN 55144-1000, USA.