

Registration number: 00968166

## **3M Health Care Limited**

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

for the year ended 31 December 2018



## 3M Health Care Limited

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## Company Information

**Directors** D Ashley  
I Malik  
S Semerciyan

**Company secretary** I R Brown

**Independent Auditors** PricewaterhouseCoopers LLP  
3 Forbury Place  
23 Forbury Road  
Reading  
RG1 3JH

**Registered number** 00968166

**Registered office** Derby Road  
Loughborough  
Leicestershire  
LE11 5SF

## Directors' Report

for the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

### Results and dividends

The Company made a profit after tax of £308,000 (2017: £225,000).

### 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 Ashley

I Malik

S Semerciyan (appointed 1 May 2018)

M Chambers (resigned 31 May 2018)

P Williams (resigned 31 March 2018)

### Principal risks and uncertainties

The directors of the Company manage the group's risks at a group level, rather than an 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.

### Future developments

The Company's future income stream is from fees paid under the License Support and Manufacturing Service Agreement paid by 3M United Kingdom PLC. The directors will fully cooperate with 3M United Kingdom PLC to ensure it maximises the business transferred and the opportunities that arise from providing a more common access platform to the wider range of 3M products and services.

We continue to closely monitor possible Brexit impacts and we do have mitigation plans in order to manage customer orders.

### Going concern

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.

## Directors' Report

for the Year Ended 31 December 2018 (continued)

### Statement of directors' responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, incorporating FRS 102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting 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 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.

### 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 and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This was in force during the financial year and also at the date of approval of the financial statements.


### Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

### 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 29 July 2019 and signed on its behalf by:

  
.....  
S Semerciyan  
Director

# **Independent Auditors' Report to the Members of 3M Health Care Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, 3M Health Care Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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 2018; the profit and loss account, 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**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

### **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.

## Independent Auditors' Report to the Members of 3M Health Care Limited (continued)

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 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 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 set out on page 3, 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.

#### 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.

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.

#### 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.

## Independent Auditors' Report to the Members of 3M Health Care Limited (continued)

### 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 received 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.

#### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



John Ellis (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP, Statutory Auditor  
Reading

Date:.....1/8/19



## Profit and Loss Account

for the year ended 31 December 2018

	<i>Note</i>	<i>2018</i> <i>£ 000</i>	<i>2017</i> <i>£ 000</i>
<b>Turnover</b>	5	6,894	5,746
Cost of sales		<u>(6,504)</u>	<u>(5,420)</u>
<b>Gross profit</b>		390	326
Administrative expenses		<u>(10)</u>	<u>(10)</u>
<b>Operating profit</b>	6	<u>380</u>	<u>316</u>
<b>Profit before tax</b>		380	316
Tax on profit	9	<u>(72)</u>	<u>(91)</u>
<b>Profit for the financial year</b>		<u><u>308</u></u>	<u><u>225</u></u>

The above results were derived from continuing operations.

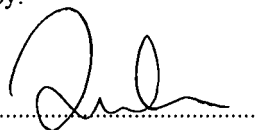
The Company has no other recognised gains or losses for the year other than those included in the profit and loss account above, and therefore no separate statement of other comprehensive income has been prepared.

## Balance Sheet

as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
<b>Current assets</b>			
Debtors: Amounts falling due within one year	10	217,037	216,657
Creditors: Amounts falling due within one year	11	(163)	(91)
<b>Total assets less current liabilities</b>		<u>216,874</u>	<u>216,566</u>
<b>Net current assets</b>		<u>216,874</u>	<u>216,566</u>
<b>Capital and reserves</b>			
Called up share capital	12	13,000	13,000
Contribution to capital		34,354	34,354
Profit and loss account		<u>169,520</u>	<u>169,212</u>
<b>Total equity</b>		<u>216,874</u>	<u>216,566</u>

These financial statements were approved and authorised by the Board on 29 July 2019 and signed on its behalf by:



S Semerciyan  
Director

## Statement of Changes in Equity

for the Year Ended 31 December 2018

	<i>Called up share capital £ 000</i>	<i>Contribution to capital £ 000</i>	<i>Profit and loss account £ 000</i>	<i>Total £ 000</i>
At 1 January 2017	13,000	34,354	168,987	216,341
Profit for the year	-	-	225	225
Total comprehensive income	-	-	225	225
At 31 December 2017	13,000	34,354	169,212	216,566
At 1 January 2018	13,000	34,354	169,212	216,566
Profit for the year	-	-	308	308
Total comprehensive income	-	-	308	308
At 31 December 2018	13,000	34,354	169,520	216,874

A contribution of £34,354,000 to the Company's permanent capital was made during 2012 by 3M Holdings Limited. 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 equity shareholders' funds.

## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 1 General information

3M Health Care Limited holds and performs the responsibilities associated with various manufacturing, other licenses and marketing authorisations it holds in respect of various pharmaceutical products and contracts with its immediate parent Company, 3M United Kingdom PLC, which has all the relevant resources to provide these on the Company's behalf.

The income to the Company is generated from a Service Fee charged to 3M United Kingdom PLC which is calculated as a percentage of the cost of the products produced by 3M United Kingdom PLC in the accounting period.

The costs to the Company represent the Processing Fee paid to 3M United Kingdom PLC in respect of delivering the reciprocal services necessary to enable the Company to have produced the same products and services.

Income derived from the License Support and Manufacturing Services Agreement is categorised internally as License Fee Income.

The Company is limited by shares, and incorporated and domiciled in England, United Kingdom. The address of its registered office is Derby Road, Loughborough, Leicestershire LE11 58F.

### 2 Statement of compliance

The individual financial statements of 3M Health Care Limited have been prepared in compliance with United Kingdom Accounting Standards, incorporating 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 small Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/409).

### 3 Accounting policies

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.

#### Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit or loss.

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 4.

## Notes to the Financial Statements

for the Year Ended 31 December 2018 (continued)

### 3 Accounting policies (continued)

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.

#### Going concern

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.

#### Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

#### Consolidated financial statements

The Company is a wholly owned subsidiary of 3M United Kingdom PLC 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

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit or loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

#### 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.

## Notes to the Financial Statements

for the Year Ended 31 December 2018 (continued)

### 3 Accounting policies (continued)

#### Distribution to equity holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period 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.

#### 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.

#### Revenue recognition

The income to the Company is generated from a Service Fee charged to 3M United Kingdom PLC which is calculated as a percentage of the cost of the products produced by 3M United Kingdom PLC in the accounting period.

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for the service fee.

### 4 Critical accounting judgements and estimated uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Due to the nature of the business there are no critical accounting judgements or estimates.

### 5 Turnover

Turnover is wholly generated in the United Kingdom and Ireland through the sale of License Fees.

### 6 Operating profit

#### Services provided by the Company's auditors and their associates

During the year the Company obtained the following services from the Company's auditors and their associates:

	2018 £ 000	2017 £ 000
Audit Services: fees payable for the audit of the Company	10	10
Audit related assurance services	-	1
Taxation services	-	42
Total services	<u>10</u>	<u>53</u>

## Notes to the Financial Statements

for the Year Ended 31 December 2018 (continued)

### 7 Staff costs

The company had no employees during the year (2017: 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 Tax on profit

Tax charged in the profit and loss account

	<i>2018</i> <i>£ 000</i>	<i>2017</i> <i>£ 000</i>
Tax on profit	<u>72</u>	<u>91</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	<i>2018</i> <i>£ 000</i>	<i>2017</i> <i>£ 000</i>
Profit before tax	<u>380</u>	<u>316</u>
Corporation tax at standard rate	72	61
Adjustments in respect of prior years	<u>-</u>	<u>30</u>
Total tax charge	<u>72</u>	<u>91</u>

### 10 Debtors: Amounts falling due within one year

	<i>2018</i> <i>£ 000</i>	<i>2017</i> <i>£ 000</i>
Amounts owed by group undertakings	<u>217,037</u>	<u>216,657</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

## Notes to the Financial Statements

for the Year Ended 31 December 2018 (continued)

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

	<i>Note</i>	<i>2018</i> <i>£ 000</i>	<i>2017</i> <i>£ 000</i>
<b><i>Due within one year</i></b>			
Amounts owed to group undertakings		91	-
Corporation tax	9	72	91
		<u>163</u>	<u>91</u>

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

### 12 Called up share capital

***Allotted, called up and fully paid shares***

	<i>No. 000</i>	<i>2018</i> <i>£ 000</i>	<i>No. 000</i>	<i>2017</i> <i>£ 000</i>
Ordinary shares of £1 each	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>

### 13 Parent and ultimate parent undertaking

The immediate parent undertaking is 3M United Kingdom PLC.

The directors regard 3M Company 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-O4 St Paul, MN 55144-1000, USA.

The parent of the largest group in which these financial statements are consolidated is 3M Company.