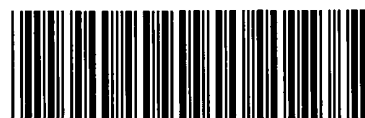


Registered number: 01755958

**WD-40 COMPANY LIMITED**

SATURDAY



\*A6I1HU9C\*

A16

04/11/2017

#119

COMPANIES HOUSE

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**WD-40 COMPANY LIMITED**

---

---

**CONTENTS**

---

	Page
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2 - 4</b>
<b>Directors' Report</b>	<b>5 - 6</b>
<b>Independent Auditors' Report</b>	<b>7 - 9</b>
<b>Statement of Comprehensive Income</b>	<b>10</b>
<b>Balance Sheet</b>	<b>11</b>
<b>Statement of Changes in Equity</b>	<b>12</b>
<b>Notes to the Financial Statements</b>	<b>13 - 34</b>

---

**WD-40 COMPANY LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	W Noble G O Ridge
<b>Company secretary</b>	Bird & Bird Company Secretaries Limited
<b>Registered number</b>	01755958
<b>Registered office</b>	Brick Close Kiln Farm Milton Keynes Buckinghamshire MK11 3LJ
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Exchange House Central Business Exchange Midsummer Boulevard Milton Keynes MK9 2DF

---

**WD-40 COMPANY LIMITED**

---

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

The directors submit their strategic report for WD-40 Company Limited (the "Company") for the year ended 31 August 2017.

**Position of the business**

The Company at 31 August 2017 has total equity of £109,085,000 (2016: £91,761,000), of which £102,335,000 (2016: £85,011,000) is represented by profit and loss account.

**Business review**

This year sales increased by 15.1% (2016: increase 4.1%) to £108.1m (2016: £94.0m) and profits on ordinary activities before taxation grew 13.1% on last year at £22.0m (2016: £19.4m). Gross margin percentage was 55.1% (2016: 54.4%). Sales, margins and profits (translated into sterling) were also impacted by favourable currency movements on the Euro and U.S. Dollar. Distribution costs and administrative expenses increased by 18.5% (2016: decrease 5.0%), and were higher as a percentage of total sales at 33.6% (2016: 32.6%).

The Company sells and markets its 4 core brands which are WD-40, 3-in-One, 1001 and GT85 (SG85). The WD-40 brand includes the 'WD-40 Specialist' products, aimed at specialist lubricant markets and the 'WD-40 Bike' products for the bicycle maintenance market.

WD-40 brand sales increased by 16.4% in the year (2016: increase 9.3%), 3-in-One sales increased by 16.0% (2016: decrease 0.9%), 1001 brand sales decreased by 1.8% (2016: decrease 7.9%) and sales of the GT85 brand decreased by 16.4% (2016: increase 2.7%).

To support the expected long term future growth the Company continues to invest in its local infrastructures around Europe, as well as planning to invest 10% of sales in advertising and promotions to underpin the brands.

**Future outlook**

The Company is planning future sales and earnings growth for the coming year and beyond.

---

**WD-40 COMPANY LIMITED**

---

---

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Principal risks and uncertainties**

The Company's principal risks and uncertainties are managed and mitigated as required. The Board and Management meet regularly to discuss known risks and uncertainties that the business has and also to identify and mitigate new risks and uncertainties as they arise. Processes and controls are also in place within the business to help identify and mitigate these risks and uncertainties. These processes and controls are revisited and tested each year.

The key risks include:

**Regulatory**

The Company is subject to many environmental and packaging regulations. Changes in these may impact costs and/or revenues. The Company ensures awareness of all future regulatory changes with applicable regulatory authorities.

**Protection of intellectual property**

The Company, through its ultimate parent relies on trademarks, trade secrets, patent and copyright laws to protect its intellectual property. Infringements may impact costs and revenue streams. Protection of intellectual property is headed by the ultimate parent company.

**Political and economic**

The Company sells either directly or indirectly into many countries and therefore within those markets is exposed to the risk of political and economic uncertainties. Areas such as Russia, the Middle East and Eastern Europe may be considered as high risk areas. This risk is managed and mitigated by operating across many markets.

**Supply chain**

The Company relies on third parties for the supply of its raw materials, packing, warehousing and distribution and finished goods. While the company works closely with its various suppliers, changes to their cost base or unexpected operational factors may disrupt supply, with a consequential impact on revenue and costs. This risk is mitigated by operating with a number of suppliers.

**Marketing distributor relationships**

The Company uses third party distributors to market, sell and distribute a large proportion of its products. The Company relies on local expertise and knowledge of its marketing distributors. From time to time the Company has experienced changes with respect to its relationship with distributors which may disrupt local market activity and revenues. The Company conducts regular meetings with all of its marketing distributors to manage this risk.

**Competition**

The Company competes in many channels with varying degrees of competition with many other products for store placement and shelf space. This may impact revenue streams or the cost base to defend a position. The Company actively understands its current competitor activities.

**Product liability and other litigation risks**

The use of the Company's products may expose the Company to liability claims resulting from such use. While insurances are in place to provide appropriate protection, risk may arise where the loss exceeds insured levels or risks are not covered by insurance. Annual insurance renewals are conducted with our Company brokers to ensure appropriate insurances are in place with appropriate levels of cover.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Financial risk management**

The Company's operations expose it to a variety of financial risks that are highlighted below. 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 its credit and liquidity exposures.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set up 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 credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

**Oil prices**

Oil prices can significantly impact raw material and component costs. Prices are monitored regularly.

**Currency**

The Company sells in Euros, US Dollars, Danish Krone as well as Sterling and whilst hedging strategies, in the form of forward contracts, are in place to mitigate currency fluctuations, long term shifts can impact revenue and costs when translated back into sterling.

**Customer risk**

The Company sells into a wide range of channels and customers which mitigates this risk. Particularly on the retail customer base where such customers purchase large volumes, a customer decision to delist a product may significantly impact revenues.

Additionally, where the Company provides credit terms, while there are robust procedures in place to ensure debt is recoverable, a customer's inability to pay may impact cash flows and costs.

**Other**

It is not felt that the Company suffers from significant liquidity or credit risk given its large positive cash balance held in low risk financial institutions and the stable customer base it trades with. The Company generates strong positive cash flows and optimises its working capital by optimising stock holdings with regular forecasting. Trade debtors are regularly collected and supplier terms are managed to best suit the cash flow of the business too. This allows the company to meet its operational needs and grow. The Company regularly reviews the security of the financial institutions it holds cash and deposits with.

**Key performance indicators ("KPIs")**

Given the straightforward nature of the business, the Company's directors are of the opinion that further analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The business success and development hinges around sales growth and the management of gross margins, selling and distribution costs which have already been highlighted and discussed.

This report was approved by the board and signed on its behalf.



**W Noble**  
Director

Date: 3/11/17

---

**WD-40 COMPANY LIMITED**

---

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

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

**Principal activities**

WD-40 Company Limited is involved in the selling, marketing and distribution of its branded products in over 45 countries extending across Europe, Africa, India and the Middle East. As well as the UK branch, there are 6 overseas branches in operation; these are located in Germany, France, Spain, Portugal, The Netherlands and Italy.

**Results and dividends**

The profit for the financial year amounted to £17,324,000 (2016: £15,430,000).

No dividends were paid in respect of the financial year (2016: £nil).

The Company made no political donations in the year (2016: £nil).

**Directors**

The directors who served during the year were:

W Noble  
G O Ridge

**Directors' indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

**Matters covered in the strategic report**

Future developments are disclosed in the strategic report.

---

**WD-40 COMPANY LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Directors' responsibilities statement**

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 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 the financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

**Disclosure of information to auditors**

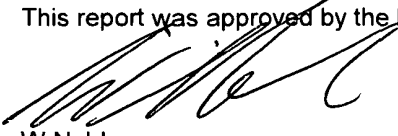
In the case of each director in office at the time when this Directors' Report is approved:

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

**Independent Auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



W Noble  
Director

Date: 3/11/17



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WD-40 COMPANY LIMITED**

---

**Report on the financial statements**

**Our opinion**

In our opinion, WD-40 Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 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 August 2017; the statement of comprehensive income 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**

We have nothing to report in respect of the following matters in relation to which 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.

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.

**Reporting on other information**

The other information comprises all of the information in the Annual Report and Financial Statements 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 WD-40 COMPANY LIMITED**

---

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 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.

*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 August 2017 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 Directors' Responsibilities Statement set out on page 6, 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.

*Auditors' 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.

---

**WD-40 COMPANY LIMITED**

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WD-40 COMPANY LIMITED**

---

*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 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.



Jonathan Gilpin (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Milton Keynes  
Date: 3 NOVEMBER 2017

---

**WD-40 COMPANY LIMITED**

---

---

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

	Note	2017 £000	2016 £000 (Restated)
Turnover	4	108,138	93,950
Cost of sales		(50,164)	(44,204)
<b>Gross profit</b>		<b>57,974</b>	<b>49,746</b>
Distribution costs		(5,573)	(4,690)
Administrative expenses		(30,745)	(25,967)
<b>Operating profit</b>	5	<b>21,656</b>	<b>19,089</b>
Interest receivable and similar income	9	307	335
<b>Profit before taxation</b>		<b>21,963</b>	<b>19,424</b>
Tax on profit	10	(4,639)	(3,994)
<b>Profit for the financial year</b>		<b>17,324</b>	<b>15,430</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016: £nil).

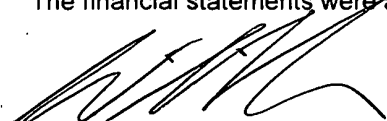
The notes on pages 13 to 34 form part of these financial statements.

**WD-40 COMPANY LIMITED**  
**REGISTERED NUMBER: 01755958**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible assets	11	2,687	2,906
Tangible assets	12	2,365	2,379
		<u>5,052</u>	<u>5,285</u>
<b>Current assets</b>			
Stocks	13	9,965	7,176
Debtors	14	30,172	28,803
Cash at bank and in hand	15	81,487	66,980
		<u>121,624</u>	<u>102,959</u>
Creditors: amounts falling due within one year	16	(17,523)	(16,414)
<b>Net current assets</b>		<u>104,101</u>	<u>86,545</u>
<b>Total assets less current liabilities</b>		<u>109,153</u>	<u>91,830</u>
Creditors: amounts falling due after more than one year	17	(68)	(69)
<b>Net assets</b>		<u><u>109,085</u></u>	<u><u>91,761</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	250	250
Share premium account	21	6,500	6,500
Profit and loss account	21	102,335	85,011
<b>Total equity</b>		<u><u>109,085</u></u>	<u><u>91,761</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**W Noble**  
 Director

Date: 3/11/17

The notes on pages 13 to 34 form part of these financial statements.

---

**WD-40 COMPANY LIMITED**

---

---

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
<b>At 1 September 2015</b>	<b>250</b>	<b>6,500</b>	<b>69,581</b>	<b>76,331</b>
<b>Comprehensive income for the year</b>				
Profit for the financial year	-	-	15,430	15,430
<b>At 1 September 2016</b>	<b>250</b>	<b>6,500</b>	<b>85,011</b>	<b>91,761</b>
<b>Comprehensive income for the year</b>				
Profit for the financial year	-	-	17,324	17,324
<b>At 31 August 2017</b>	<b>250</b>	<b>6,500</b>	<b>102,335</b>	<b>109,085</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1. General information**

WD-40 Company Limited (the "Company") is a private company limited by shares and is incorporated in England. The address of the Company's registered office is Brick Close, Kiln Farm, Milton Keynes, Buckinghamshire, MK11 3LJ.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- 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 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;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of WD-40 Company as at 31 August 2017 and these financial statements may be obtained from WD-40 Company, 9715 Businesspark Avenue, San Diego, California, 92131, USA.

**2.3 Turnover**

Turnover represents the invoiced value of goods supplied after deduction of settlement discount, volume rebates and value added tax. Turnover is recognised at the time of delivery to the customer when the risk of loss and title passes.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**2. Accounting policies (continued)**

**2.4 Intangible assets**

**Goodwill**

Goodwill arising on the acquisitions of brand rights is capitalised and amortised on a straight line basis through the statement of comprehensive income. Impairment reviews are conducted when events or changes in circumstances indicate that the carrying amount of the goodwill may not be recoverable. Any impairment is charged in the year of review.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised within administrative expenses in the Statement of Comprehensive Income.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following basis:

Goodwill	- 7 % - 20%
Software	- 20 % - 33%

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Buildings	- 2.5% - 33.3%
Plant and machinery	- 10%
Motor vehicles	- 25%
Fixtures, fittings and equipment	- 10% - 33.3%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**2. Accounting policies (continued)**

**2.6 Research and development costs**

All research and development costs are expensed as incurred and are included in administrative expenses.

**2.7 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

In addition, the Company holds stock that is to be used as free samples given to promote the Company brands. Stocks are physically held by packing suppliers however due to an exclusive buy back agreement, it is considered that, in substance, this is stock of the Company.

**2.8 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.9 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**2. Accounting policies (continued)**

**2.10 Financial instruments**

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**2. Accounting policies (continued)**

**2.12 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

**2.13 Share based payments**

Where share based equity awards are awarded to employees, the fair value of the awards at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of awards that eventually vest. Market vesting conditions are factored into the fair value of the awards granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of awards are modified before they vest, the increase in the fair value of the awards, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period.

**2.14 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**2. Accounting policies (continued)**

**2.15 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.16 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

**2.17 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in conformity with FRS 102 requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

We consider an accounting estimate to be significant if: 1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and 2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

There are other items within our financial statements that require estimation, but are not deemed critical as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements.

**Useful Lives of Intangible and Tangible Fixed Assets**

*Nature of Estimates Required.* The estimation of the useful lives of items of intangible and tangible fixed assets is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets.

*Assumptions and Approach Used.* Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

**Income Taxes**

*Nature of Estimates Required.* We must make estimates and apply judgment in determining the provision for income taxes for financial reporting purposes. We make these estimates and judgments primarily in the following areas: (i) the calculation of tax credits, (ii) the calculation of differences in the timing of recognition of revenue and expense for tax and financial statement purposes that will ultimately be reported in tax returns, as well as (iii) the calculation of interest and penalties related to uncertain tax positions. Changes in these estimates and judgments may result in a material increase or decrease to our tax provision, which would be recorded in the period in which the change occurs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**3. Judgments in applying accounting policies (continued)**

Assumptions and Approach Used. We are subject to the income tax laws and regulations of the jurisdictions in which we operate. These tax laws and regulations are complex and involve uncertainties in the application to our facts and circumstances that may be open to interpretation. We recognise benefits for these uncertain tax positions based upon a process that requires judgment regarding the technical application of the laws, regulations, and various related judicial opinions. If, in our judgment, it is more likely than not that the uncertain tax position will be settled favourably to us, we estimate an amount that ultimately will be realised. This process is inherently subjective, since it requires our assessment of the probability of future outcomes. We evaluate these uncertain tax positions on a quarterly basis, including consideration of changes in facts and circumstances, such as new regulations or recent judicial opinions, as well as the status of audit activities by taxing authorities. Changes to our estimate of the amount to be realised are recorded in our provision for income taxes during the period in which the change occurred.

We must also assess the likelihood that we will be able to recover our deferred tax assets against future sources of taxable income. FRS 102 recognises deferred tax assets to the extent that it is probable that sufficient taxable profits will be available to utilise the deductible temporary difference or unused tax losses.

Changes in our judgment regarding the ability to recover our deferred tax assets are reflected in our tax provision in the periods in which the changes occur.

**4. Turnover**

The Company's activities constitute a single class of business.

Analysis of turnover by country of destination:

	2017 £000	2016 £000 (Restated)
United Kingdom	19,380	18,595
Rest of Europe	74,837	63,856
Rest of the world	13,921	11,499
	<u>108,138</u>	<u>93,950</u>

---

**WD-40 COMPANY LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**5. Operating profit**

The operating profit is stated after charging/(crediting):

	2017 £000	2016 £000
Research & development charged as an expense	83	68
Depreciation of tangible assets	800	728
Amortisation of intangible assets, including goodwill	1,038	919
Rent - operating leases	355	308
Operating lease rentals: Other	21	11
Profit on sale of fixed assets	(138)	(42)
Exchange profit	(415)	(2,953)
Defined contribution pension cost	764	819
Stock recognised as an expense	42,554	38,990
Impairment of stock	-	20
(Reversal)/impairment of trade debtors	(72)	50

**6. Auditors' remuneration**

	2017 £000	2016 £000
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	80	84

Included within the auditors' remuneration is £5,000 (2016: £5,000) relating to the audit of the immediate parent company WD-40 Holdings Limited.

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2017 £000	2016 £000
Wages and salaries	11,533	10,732
Social security costs	2,669	2,511
Other pension costs	764	819
	<u>14,966</u>	<u>14,062</u>

Share based equity awards including RSUs, DPU's and PSU's of £318,000 (2016: £302,000) were awarded during the year.

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Sales and Marketing	108	101
Administration	92	85
	<u>200</u>	<u>186</u>



---

**WD-40 COMPANY LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**8. Directors' remuneration**

One of the Company's two directors is employed by WD-40 Company, the ultimate parent company, and did not receive emoluments from WD-40 Company Limited. This director did not receive any emoluments from any other party specifically for services as a director of WD-40 Company Limited and it is not possible to make an accurate apportionment of the director's emoluments received from other group companies in respect of their services to WD-40 Company Limited. Accordingly, these financial statements include no emoluments for this director (2016: £nil).

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	<b>410</b>	446
Directors gains on long term incentive schemes	<b>211</b>	189
Company contributions to defined contribution pension schemes	<b>21</b>	55
	<b>642</b>	690

The paid director did not exercise share options during the year and has shares receivable under a long term incentive scheme. The paid director also received dividend payments of £6,000 (2016: £5,000) from the Company's ultimate parent company.

The Key Management Personnel of the Company comprise the European Tribal Council. The total amount of employee benefits, including share based equity award and employer's pension contributions, received by Key Management Personnel, including Directors, for their services to the Company was £2,136,000 (2016: £2,041,000).

**9. Interest receivable and similar income**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Interest receivable	<b>307</b>	335

---

**WD-40 COMPANY LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**10. Tax on profit**

	<b>2017 £000</b>	<b>2016 £000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>4,302</b>	3,889
Adjustments in respect of previous periods	<b>82</b>	(23)
Double taxation relief	<b>(323)</b>	(375)
	<b>4,061</b>	3,491
<b>Foreign tax</b>		
Foreign tax on income for the year	<b>605</b>	539
Foreign tax in respect of prior periods	<b>-</b>	(28)
<b>Total current tax</b>	<b>4,666</b>	4,002
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(27)</b>	(8)
<b>Total deferred tax</b>	<b>(27)</b>	(8)
<b>Taxation on profit on ordinary activities</b>	<b>4,639</b>	3,994

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**10. Tax on profit (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.58% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Profit before taxation	21,963	19,424
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.58% (2016: 20%)	4,300	3,885
<b>Effects of:</b>		
Expenses not deductible for tax purposes	54	-
Capital allowances for year in excess of depreciation	-	19
Higher rate taxes on overseas earnings	283	165
Adjustments to tax charge in respect of prior periods	83	(51)
Tax rate changes	7	-
Non-taxable income	-	(39)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(20)	(22)
Share options	(86)	-
Other timing differences leading to an increase in the tax charge	-	37
Group relief/ other relief	18	-
<b>Total tax charge for the year</b>	<b>4,639</b>	<b>3,994</b>

**Factors that may affect future tax charges**

The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020.

The March 2016 Budget Statement announced a further change to the UK Corporation tax rate which will now reduce the main rate of corporation tax to 17% from 1 April 2020.

---

**WD-40 COMPANY LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**11. Intangible assets**

	Computer software £000	Goodwill £000	Assets under construction £000	Total £000
<b>Cost</b>				
At 1 September 2016	1,343	10,940	-	12,283
Additions	38	-	-	38
Transfers in	-	-	781	781
Disposals	(42)	-	-	(42)
Transfers between classes	263	-	(263)	-
At 31 August 2017	1,602	10,940	518	13,060
<b>Amortisation</b>				
At 1 September 2016	444	8,933	-	9,377
Charge for the year	320	718	-	1,038
On disposals	(42)	-	-	(42)
At 31 August 2017	722	9,651	-	10,373
<b>Net book value</b>				
At 31 August 2017	880	1,289	518	2,687
At 31 August 2016	899	2,007	-	2,906

Goodwill relates to (i) The acquisition of the 3-in-One brand rights during 1995/96 for the UK, Europe and Middle East, the goodwill was amortised on a straight-line basis over 15 years; (ii) Goodwill on the 1001 brand acquired in 2003/4, the goodwill was amortised on a straightline basis over 10 years; (iii) Goodwill on purchasing the rights to sell direct in Belgium. This goodwill was acquired in January 2014 and is being amortised on a straight-line basis over 5 years; and (iv) Goodwill on the GT-85 acquisition in September 2014, which is being amortised on a straight-line basis over 5 years.

The useful life of goodwill is based on the expected use of those acquired brands and rights to sell.

Assets under construction were transferred to intangibles as they relate to software development.

---

**WD-40 COMPANY LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**12. Tangible assets**

	Freehold land £000	Buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>							
At 1 September 2016	117	1,506	50	1,306	1,763	132	4,874
Additions	-	16	14	250	832	649	1,761
Disposals	-	-	-	(264)	(688)	-	(952)
Transfers out	-	-	-	-	-	(781)	(781)
At 31 August 2017	117	1,522	64	1,292	1,907	-	4,902
<b>Depreciation</b>							
At 1 September 2016	-	791	49	837	818	-	2,495
Charge for the year on owned assets	-	81	2	257	460	-	800
Disposals	-	-	-	(236)	(522)	-	(758)
At 31 August 2017	-	872	51	858	756	-	2,537
<b>Net book value</b>							
At 31 August 2017	117	650	13	434	1,151	-	2,365
At 31 August 2016	117	715	1	469	945	132	2,379

---

**WD-40 COMPANY LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**13. Stocks**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Raw materials	<b>136</b>	99
Work in progress	<b>98</b>	155
Finished goods	<b>9,731</b>	6,922
	<b>9,965</b>	<b>7,176</b>

Stock recognised in cost of sales during the year as an expense was £42,554,000 (2016: £38,990,000).

An impairment loss of £nil (2016: £20,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

**14. Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Due after more than one year</b>		
Deferred tax asset	<b>55</b>	40
<b>Due within one year</b>		
Trade debtors	<b>28,294</b>	27,266
Prepayments and accrued income	<b>1,823</b>	1,488
Financial instruments	-	9
	<b>30,172</b>	<b>28,803</b>

Trade debtors are stated after provisions for impairment of £51,000 (2016: £145,000).

**15. Cash at bank and in hand**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	<b>81,487</b>	66,980

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**16. Creditors: amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>7,283</b>	6,110
Amounts owed to group undertakings	<b>571</b>	690
Corporation tax	<b>782</b>	1,878
Other taxation and social security	<b>2,574</b>	2,004
Other creditors	<b>2,338</b>	2,699
Accruals and deferred income	<b>3,474</b>	3,033
Financial instruments	<b>501</b>	-
	<b>17,523</b>	16,414

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

**17. Creditors: amounts falling due after more than one year**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Other long term liabilities	<b>68</b>	69

Other long term liabilities relates to deferred rent and a dilapidation accrual for leasehold property.

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**18. Financial instruments**

	2017 £000	2016 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	-	9
Financial assets that are debt instruments measured at amortised cost	28,294	27,266
	<u>28,294</u>	<u>27,275</u>
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit or loss	501	-
Financial liabilities measured at amortised cost	11,396	9,902
	<u>11,897</u>	<u>9,902</u>

Financial assets and financial liabilities measured at fair value through profit or loss comprise forward foreign currency contracts. The fair value of the forward foreign currency contracts is £17,462,000 (2016: £4,018,000). The change in value included in the Statement of Comprehensive Income was £375,000 loss (2016: £386,000 loss).

Financial assets that are debt instruments measured at amortised cost comprise trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, accruals and other long term liabilities.



---

**WD-40 COMPANY LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**19. Deferred taxation**

	<b>2017 £000</b>
At 1 September 2016	40
Credited to profit or loss	15
Adjustments in respect of prior years	-
<b>At 31 August 2017</b>	<b>55</b>

The deferred tax asset is made up as follows:

	<b>2017 £000</b>
Fixed asset timing differences	(79)
Short term timing differences - trading	152
Other	(18)
	<b>55</b>

**20. Called up share capital**

	<b>2017 £000</b>	<b>2016 £000</b>
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
250,100 Ordinary shares of £1 each	<b>250</b>	<b>250</b>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

**21. Reserves****Share premium account**

The share premium account represents the consideration received on the issue of shares in the Company in excess of the nominal value of those shares, net of share issue costs, bonus issues of shares and any subsequent capital reductions.

**Profit and loss account**

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**22. Share based payments**

At 31 August 2017, WD-40 Company, the ultimate parent company in the USA, had one share incentive plan, the WD-40 Company 2016 Stock Incentive Plan ("2016 Plan"), which was approved by the ultimate parent company's shareholders effective as of 13 December 2016. The 2016 Plan permits the granting of various share-based equity awards, including non-qualified share options, incentive share options, share appreciation rights, restricted shares, restricted share units, performance shares, performance units and other share-based awards to employees, directors and consultants. To date through 31 August 2017, the ultimate parent company had granted awards of restricted share units ("RSUs") under the 2016 Plan. Additionally, as of 31 August 2017, there were still outstanding share options, RSUs, market share units ("MSUs") and deferred performance units ("DPU") which had been granted under the ultimate parent company's prior equity incentive plans. The 2016 Plan is administered by the ultimate parent company's Board of Directors (the "Board") or the Compensation Committee or other designated committee of the Board (the "Committee"). All share-based equity awards granted under the 2016 Plan are subject to the specific terms and conditions as determined by the Committee at the time of grant of such awards in accordance with the various terms and conditions specified for each award type per the 2016 Plan. The total number of shares of the ultimate parent company's common shares authorised for issuance pursuant to grants of awards under the 2016 Plan is 1,000,000. At 31 August 2017, 979,546 shares of the ultimate parent company's common shares remained available for future issuance pursuant to grants of awards under the 2016 Plan.

Vesting of the RSUs under the ultimate parent company's equity incentive plans that were granted to certain of the WD-40 Company Limited's high level employees is over a period of three years from the date of grant, subject to potential earlier vesting in the event of retirement of the holder of the award in accordance with the award agreement, with shares to be issued pursuant to the vested RSUs at the time of vest.

Vesting of the MSUs under the ultimate parent company's equity incentive plans that were granted to certain of the WD-40 Company Limited's high level employees follows a performance measurement period of three fiscal years commencing with the company's fiscal year in which the MSU awards are granted (the "Measurement Period"). Shares will be issued pursuant to the vested MSUs following the conclusion of the applicable MSU Measurement Period after the Committee's certification of achievement of the applicable performance measure for such awards and the vesting of the MSU awards and the applicable percentage of the target number of MSU shares to be issued. The recipient must remain employed with the company for vesting purposes until the date on which the Committee certifies achievement of the applicable performance measure for the MSU awards, subject to potential pro-rata vesting in the event of earlier retirement of the holder of the award in accordance with the award agreement.

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**22. Share based payments (continued)**

Vesting of the DPUs under the ultimate parent company's equity incentive plans that were granted to certain of the WD-40 Company Limited's high level employees follows a performance measurement period of one fiscal year that is the same fiscal year in which the DPU awards are granted (the "Measurement Year"). A number of DPUs equal to the applicable percentage of the maximum number of DPUs awarded will be confirmed as vested following the conclusion of the applicable DPU Measurement Year after the Committee's certification of achievement of the applicable performance measure for such awards (the "Vested DPUs"). The recipient must remain employed with the company for vesting purposes until 31 August of the Measurement Year, subject to potential pro-rata vesting in the event of earlier retirement of the holder of the award in accordance with the award agreement. For recipients who are residents of the United States, the Vested DPUs must be held until termination of employment, with shares to be issued pursuant to the Vested DPUs six months following the day after each such recipient's termination of employment with the company. For recipients who are not residents of the United States, the Committee has discretion to either defer settlement of each such recipient's Vested DPUs by issuance of shares following termination of employment or settle each Vested DPU in cash by payment of an amount equal to the closing price of one share of the ultimate parent company's common shares as of the date of the Committee's certification of the relative achievement of the applicable performance measure for the DPU awards. Until issuance of shares in settlement of the Vested DPUs, the holders of each Vested DPU that is not settled in cash are entitled to receive dividend equivalents with respect to their Vested DPUs, payable in cash as and when dividends are declared by the ultimate parent company's Board of Directors.

Share-based compensation expense is recognised on a straight-line basis over the requisite service period for the entire award. Share-based compensation expense related to WD-40 Company Limited's share-based equity awards totalled £318,000 (U.S. \$402,000) and £302,000 (U.S.\$425,000) for the fiscal years ended 31 August 2017 and 2016, respectively. The Company recognised corporation tax benefits related to such share-based compensation expense of £49,000 (U.S.\$62,000) and £49,000 (U.S.\$70,000) for the fiscal years ended 31 August 2017 and 2016, respectively, and additional net corporation tax benefits of £45,000 (U.S.\$53,000) and £54,000 (U.S.\$75,000) for the fiscal years ended 31 August 2017 and 2016, respectively, arising upon exercises of share options and conversions of RSUs and MSUs to common shares, net of the impact of adjustments of the deferred tax asset related to share-based compensation expense for share-based equity awards resulting from enacted changes in corporation tax rates and re-measurement due to changes in foreign currency exchange rates.

**23. Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £764,000 (2016: £819,000). Contributions totalling £86,000 (2016: £44,000) were payable to the fund at the balance sheet date.

---

**WD-40 COMPANY LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**24. Commitments under operating leases**

At 31 August 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
<b>Land and buildings</b>		
Not later than 1 year	311	262
Later than 1 year and not later than 5 years	574	271
Later than 5 years	-	23
	<u>885</u>	<u>556</u>
	2017 £000	2016 £000
<b>Other</b>		
Not later than 1 year	17	17
Later than 1 year and not later than 5 years	17	17
	<u>34</u>	<u>34</u>

**25. Related party transactions**

An employee of the Company was a related party of a director and shareholder of PDP Dains Limited until February 2016. The value of the transactions during the prior year was £54,000. PDP Dains is not deemed a related party during the year ended 31 August 2017.

**26. Controlling party**

The Company's immediate parent company is WD-40 Holdings Limited.

The ultimate parent undertaking and controlling party is WD-40 Company incorporated in the United States. This is the parent undertaking of the largest and only group to consolidate these financial statements. Copies of the group financial statements can be requested from WD-40 Company, 9715 Businesspark Avenue, San Diego, California, 92131, USA.

**27. Prior period restatement**

In the previous year, volume rebates were presented as administrative expenses. Per section 23 of FRS 102, volume rebates should be offset against turnover. Management have therefore reclassified these balances from administrative expenses to turnover. The impact of this is to reduce turnover, gross profit and administrative expenses by £3,075,000. There is no impact on operating profit, profit before taxation and profit after taxation, nor is there any impact on profit and loss account.