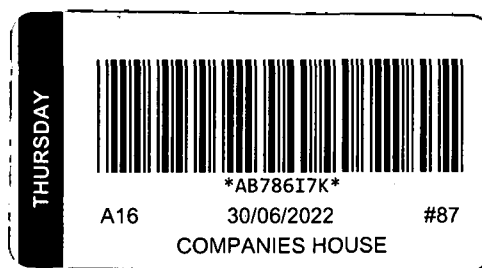


Registration number: 01918922

## **Capital Safety Group (Northern Europe) Limited**

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

For the year ended 31 December 2021



Capital Safety Group (Northern Europe) Limited

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## Capital Safety Group (Northern Europe) Limited

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### Company Information

**Directors** D J Ashley  
L P Plaaterud

**Registered office** 3M Centre  
Cain Road  
Bracknell  
Berkshire  
RG12 8HT

**Registered number** 01918922

**Independent Auditors** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
4th Floor, One Reading Central,  
23 Forbury Road,  
Reading,  
RG1 3JH  
Berkshire

**Bankers** Barclays Bank Plc  
Liecester  
LE87 2BB

## Capital Safety Group (Northern Europe) Limited

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# Strategic Report

For the year ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021.

### Principal activities and review of business

The principal activity of the Company is the marketing of fall-arrest and rescue systems for industrial applications. There is also a training centre which offers Working at Height activities and courses. There have not been any significant changes in the Company's principal activity in the year under review. The Directors are not aware at the date of this report, of any major likely changes in the Company's activities in the next year apart from the change in ownership which is detailed in the Directors' Report.

As shown in the Company's Profit and loss account on page 12, the Company's sales have increased by £827k as compared to the prior year as a result of a recovery post Covid-19 and due to some significant increase in sales of specific product lines such as Horizontal Life Lines.

The Balance sheet on page 13 of the financial statements shows that the Company's financial position at the year end has increased slightly compared to the prior year. Details of the amounts owed to and owing from other Group companies, including the parent company, are shown in notes 14 & 15 respectively.

Capital Safety Group SARL manages its operations on a divisional basis. Monthly updates are provided to the Company's shareholders which include the key performance indicators relevant to the business. These include gross profit margin for the year. The gross profit margin have increased to 45% compared to 33% in the prior year due to the portfolio composition changes. It is within the range expected by the directors and consistent with the prevailing business model.

	2021 £ 000	2020 £ 000	Variance %
Turnover	7,482	6,655	12
Gross profit	3,362	2,175	55
Gross margin (%)	45	33	

### Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing sales to its key competitors. The Company manages this risk by providing value added services to its customers, having faster response times, not only in supplying products but handling all customer queries, and by maintaining strong relationships with its customers.

### Brexit

Whilst the UK has now left the European Union (EU), several regulatory issues are still in the process of being implemented.

The UK Conformity Assessed (UKCA) marking requirements for packaging and labelling for personal protective equipment (PPE) go live, following an extension, on 1 January 2023. The Company expects to be compliant by this date. The on-product UKCA marking requirements for PPE (where the mark appears on the product itself) are due by 1 January 2024 and again, the Company expects to meet this timeline.

Notwithstanding these packaging and labelling changes, imports of Capital Safety products have been largely unimpacted by tariffs and other non-tariff barriers to trade.

## Capital Safety Group (Northern Europe) Limited

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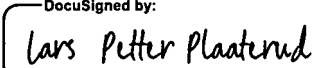
### Strategic Report

For the year ended 31 December 2021 (continued)

#### Future development and performance

The Company continues to invest via other Group companies, in research and development. This has resulted in and continues to lead to a number of updates to existing Group products. The Directors regard research and development investment as necessary for the continued success of the Company in the medium to long term future.

Approved by the Board on ~~22 June 2022~~ and signed on its behalf by:

DocuSigned by:  
  
.....C1A79A7BB6514E3.....

L P Plaaterud

Director

- 28-Jun-2022 | 14:58 CEST

Date:.....

## Capital Safety Group (Northern Europe) Limited

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### Directors' Report

For the year ended 31 December 2021

The Directors present their report with the audited financial statements of the Company for the year ended 31 December 2021.

#### Future developments

Details of the future developments for the Company are included in the Strategic Report.

#### Dividends

No dividend was paid or recommended for the year ended 31 December 2021 (2020: £nil).

#### Directors

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

D J Ashley

S Semerciyan (resigned 28 January 2022)

L P Plaaterud (appointed 28 January 2022)

#### Directors' indemnities

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

#### Going concern

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

#### Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. Initiatives designed to minimise the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

#### Employees

Details of the number of employees and related costs can be found in note 7 to the financial statements on page 19.

Applications for employment by disabled persons are fully considered by the parent company who recharge the entity in respect of salaries, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The parent company has policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters.

## Capital Safety Group (Northern Europe) Limited

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### Directors' Report

For the year ended 31 December 2021 (continued)

#### Post balance sheet events

##### *Russia business operations and the Ukraine war*

After re-assessing its business in Russia, the 3M Group has decided to suspend all operations there. The Company's focus is on the safety of its employees and their families. The Company is monitoring its regional operations to ensure that it continues to comply with applicable laws and regulations in the markets in which it operates in order to assess and mitigate the risks and potential impacts to supply chains and customers.

The UK entities have limited business directly with the countries involved, both directly with third party customers and through UK manufactured products; therefore the impact is foreseen to be limited.

##### *Restructuring plan*

In August 2021, the initial steps of a group restructuring plan started and carried on in 2022. As a result of this, the immediate parent undertaking of the Company is replaced from Barrow Hepburn Group Limited to 3M United Kingdom Public Limited Company on 31 May 2022.

#### Research and development

The Company has a strong commitment to research and development, the cost of which is mainly borne by the ultimate parent company, 3M Company, USA.

#### Financial risk management

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

In order to ensure stability of cash out flows and hence manage interest rate risk, the Company has a policy of obtaining any necessary funding from within the 3M group and interest is chargeable at the LIBOR rate, or where the Directors deem it in the Company interest funding is externally sourced. LIBOR interest rate has been replaced with SONIA interest rate in 2022. There is no long term external borrowing as at 31 December 2021.

##### *Price risk*

On UK manufactured products the Company is exposed to commodity price risk as a result of its operations, against which the Company's Sourcing Department negotiates fixed price contracts whenever feasible. The Company has no direct exposure to equity securities price risk as it holds no listed or other equity investments.

##### *Credit risk*

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Directors. The Customer Financial Services Department notify the Directors of any concerns regarding the financial stability of customers.

##### *Liquidity risk*

The Company normally obtains any necessary finance from within the 3M group where interest is charged at the LIBOR rate. LIBOR interest rate has been replaced with SONIA interest rate in 2022. Where the Directors deem it in the Company interest it is externally sourced.

## Capital Safety Group (Northern Europe) Limited

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### Directors' Report

For the year ended 31 December 2021 (continued)

#### *Interest rate cash flow risk*

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, which earn interest at a variable rate.

The Company has a policy of obtaining debt finance from within the 3M group and operates a cash pooling policy on Company cash balances. This policy is considered appropriate, given the size and nature of the Company's operations. Where the Directors deem it in the Company interest funding is externally sourced at a competitive interest rate.

#### **Statement of Directors' Responsibilities**

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

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

#### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

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



## Capital Safety Group (Northern Europe) Limited

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### Directors' Report

For the year ended 31 December 2021 (continued)

#### Independent 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 ~~22 June 2022~~ and signed on its behalf by:

DocuSigned by:

*Lars Petter Plaaterud*

C1A7947BB4514E3.....

L P Plaaterud

Director

28-Jun-2022 | 14:58 CEST

Date:.....

## Capital Safety Group (Northern Europe) Limited

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# Independent auditors' report to the members of Capital Safety Group (Northern Europe) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Capital Safety Group (Northern Europe) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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, which comprise: Balance Sheet as at 31 December 2021; Profit and Loss Account and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

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

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

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

## Capital Safety Group (Northern Europe) Limited

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# Independent auditors' report to the members of Capital Safety Group (Northern Europe) Limited (continued)

### Reporting on other information

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

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

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

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

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### Responsibilities for the financial statements and the audit

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

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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.

## Capital Safety Group (Northern Europe) Limited

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# Independent auditors' report to the members of Capital Safety Group (Northern Europe) Limited (continued)

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

#### 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax regulations, employment laws, health and safety regulations and environmental regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of Revenue through fictitious sales transactions, posting fraudulent journal entries to inflate revenue and the risk of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations
- reviewing minutes of meetings of those charged with governance
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and testing accounting estimates (because of the risk of management bias); and
- auditing the risk of fraud in revenue recognition, including through testing journal entries that are crediting revenue with unusual debits to appropriate supporting evidence

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

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

#### 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.

Capital Safety Group (Northern Europe) Limited

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**Independent auditors' report to the members of Capital Safety Group (Northern Europe) 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 obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

28 June 2022

## Capital Safety Group (Northern Europe) Limited

**Profit and loss account**

For the year ended 31 December 2021

	<i>Note</i>	<i>2021 £ 000</i>	<i>2020 £ 000</i>
<b>Turnover</b>	5	7,482	6,655
Cost of sales		<u>(4,120)</u>	<u>(4,480)</u>
<b>Gross profit</b>		<b>3,362</b>	<b>2,175</b>
Distribution costs		(288)	(147)
Administrative expenses		<u>(3,057)</u>	<u>(1,969)</u>
		<b>17</b>	<b>59</b>
Other operating income	6	<u>381</u>	<u>370</u>
<b>Profit before tax</b>	8	<b>398</b>	<b>429</b>
Tax on profit	10	<u>(78)</u>	<u>(53)</u>
<b>Profit for the financial year</b>		<u><b>320</b></u>	<u><b>376</b></u>

All of the above results derive from continuing activities.

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.

The notes on pages 15 to 26 form an integral part of these financial statements.

## Capital Safety Group (Northern Europe) Limited

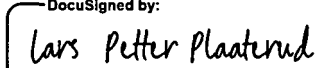
**Balance sheet**

as at 31 December 2021

Registration number: 01918922

	Note	2021 £ 000	2020 £ 000
<b>Fixed assets</b>			
Intangible assets	11	-	-
Tangible assets	12	10	12
<b>Current assets</b>			
Stocks	13	731	835
Debtors	14	17,566	17,329
Cash at bank and in hand		983	1,599
		19,280	19,763
<b>Creditors: amounts falling due within one year</b>	15	(9,563)	(10,368)
<b>Net current assets</b>		9,717	9,395
<b>Total assets less current liabilities</b>		9,727	9,407
<b>Capital and reserves</b>			
Called up share capital	17	-	-
Retained earnings		9,727	9,407
<b>Total equity</b>		9,727	9,407

The financial statements on pages 12 to 26 were approved by the Board of Directors on 22 June 2022 and signed on its behalf by:

DocuSigned by:  
  
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L P Plaaterud  
 Director 28-Jun-2022 | 14:58 CEST  
 Date .....

The notes on pages 15 to 26 form an integral part of these financial statements.

## Capital Safety Group (Northern Europe) Limited

**Statement of Changes in Equity**

For the year ended 31 December 2021

	<i>Called up share capital £ 000</i>	<i>Retained earnings £ 000</i>	<i>Total equity £ 000</i>
Balance at 1 January 2020	-	9,031	9,031
Profit for the financial year	-	376	376
<b>Balance at 31 December 2020</b>	-	9,407	9,407
Balance at 1 January 2021	-	9,407	9,407
Profit for the financial year	-	320	320
<b>Balance at 31 December 2021</b>	-	9,727	9,727

The notes on pages 15 to 26 form an integral part of these financial statements.



## Capital Safety Group (Northern Europe) Limited

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# Notes to the Financial Statements

For the year ended 31 December 2021

### 1 General information

Capital Safety Group (Northern Europe) Limited markets a range of fall-arrest and rescue systems for industrial applications. There is also a training centre which offers Working at Height activities and courses.

The Company is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

The address of its registered office is 3M Centre Cain Road, Bracknell, Berkshire, RG12 8HT.

### 2 Statement of compliance

The individual financial statements of Capital Safety Group (Northern Europe) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

### 3 Accounting policies

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

#### ***Basis of preparing the financial statements***

These financial statements have been prepared using the historical cost convention.

The preparation of financial statements in conformity with FRS102 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.

The financial statements are presented in Pounds Sterling ("£") which is the presentation currency of the Company. Monetary amounts in these financial statements are rounded to the nearest thousands ("£'000"), unless stated otherwise.

#### ***Going concern***

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

## Capital Safety Group (Northern Europe) Limited

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# Notes to the Financial Statements

For the year ended 31 December 2021

### 3 Accounting policies (continued)

#### **Financial Reporting Standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following exemptions on the basis that it is a qualifying entity and the disclosures are included in the consolidated financial statements of its ultimate parent 3M Company which are publicly available (note 18):

- from preparing a statement of cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42 to 11.48(c) and paragraphs 12.26 to 12.29
- from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

#### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes. The Company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below.

Turnover is recognised on delivery of the product or service or once all risks and rewards have passed to the customer.

#### **Intangible assets**

Goodwill, patents and trademarks are capitalised at cost and amortised in equal annual instalments over their useful economic lives. Provision is made for any impairment.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	3 - 10 years straight line
Patents & Trademarks	3 - 10 years straight line

#### **Tangible assets**

All tangible assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	3 - 7 years straight line
Motor Vehicles	1 - 6 years straight line

## Capital Safety Group (Northern Europe) Limited

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# Notes to the Financial Statements

For the year ended 31 December 2021

### 3 Accounting policies (continued)

#### **Stocks**

Stocks are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the standard cost method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

#### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or at the contracted rate if the transaction is covered by a formal exchange contract. Exchange differences are taken into account in arriving at the operating profit.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

## Capital Safety Group (Northern Europe) Limited

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# Notes to the Financial Statements

For the year ended 31 December 2021

### 3 Accounting policies (continued)

#### *Financial instruments*

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

#### *Debtors and creditors receivable / payable within one year*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

#### *Share capital*

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### 4 Critical accounting judgements and estimation of uncertainty

In the application of the Company's accounting policies which are described in note 3, the Directors are required to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

## Capital Safety Group (Northern Europe) Limited

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### Notes to the Financial Statements

For the year ended 31 December 2021

#### 5 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	<i>2021</i>	<i>2020</i>
	<i>£ 000</i>	<i>£ 000</i>
United Kingdom	7,345	6,611
Europe	39	1
Rest of the World	98	43
	<u>7,482</u>	<u>6,655</u>

An analysis of turnover by category is given below:

	<i>2021</i>	<i>2020</i>
	<i>£ 000</i>	<i>£ 000</i>
Sales of goods	6,550	5,640
Services	932	1,015
	<u>7,482</u>	<u>6,655</u>

#### 6 Other operating income

	<i>2021</i>	<i>2020</i>
	<i>£ 000</i>	<i>£ 000</i>
Management charges receivable	<u>381</u>	<u>370</u>

## Capital Safety Group (Northern Europe) Limited

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### Notes to the Financial Statements

For the year ended 31 December 2021

#### 7 Employees and directors

The Company had no employees during the year but pays a management charge to 3M United Kingdom Public Limited Company in respect of salaries and administration expenses (2020: No employees). The charge for the year was £1,216k (2020: £1,166k) which represents the rebilling for direct costs from 3M United Kingdom PLC to the Company for 2021.

The Directors are considered to be the Company's only key management personnel. The Directors are not employed by the Company and Directors' emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of the companies by whom they are employed. Directors' emoluments are not recharged to the Company as the sums involved are not material and cannot be accurately allocated to individual entities.

#### 8 Profit before tax

The profit before tax stated after charging/(crediting):

	2021 £ 000	2020 £ 000
Depreciation - owned assets	2	11
Foreign exchange differences	(47)	63
(Reversal of impairment)/impairment of inventory	(51)	49
(Reversal of impairment)/impairment of trade receivables	(2)	75
	<u>          </u>	<u>          </u>

#### 9 Auditors' remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	<u>40</u>	<u>40</u>

There are no non audit services fees paid to the auditors in either year.

## Capital Safety Group (Northern Europe) Limited

**Notes to the Financial Statements**

For the year ended 31 December 2021

**10 Tax on profit****Analysis of the tax charge**

Tax charged on the (loss)/profit for the year was as follows:

	2021 £ 000	2020 £ 000
<b>Current tax</b>		
UK corporation tax on profit for the year	65	50
Adjustment in respect of previous periods	20	-
Total current tax	85	50
<b>Deferred tax</b>		
Origination and reversal of timing differences	11	12
Effect of changes in tax rates	(18)	(9)
Total deferred tax	(7)	3
Total expense included in profit and loss	78	53

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The difference is explained below:

	2021 £ 000	2020 £ 000
Profit before tax	398	429
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	76	82
<b>Effects of :</b>		
Expenses not deductible for tax purposes	-	1
Effects of group relief/ other reliefs	-	(21)
Adjustment from previous periods	20	-
Tax rate changes	(18)	(9)
Total tax charge	78	53

## Capital Safety Group (Northern Europe) Limited

**Notes to the Financial Statements**

For the year ended 31 December 2021

**10 Tax on profit (continued)****Factors that may affect future tax charges**

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2020: 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

**11 Intangible assets**

	<i>Goodwill</i> £ 000	<i>Patents and licences</i> £ 000	<i>Total</i> £ 000
<b>Cost</b>			
At 1 January 2021 and 31 December 2021	37	229	266
<b>Accumulated amortisation</b>			
At 1 January 2021 and 31 December 2021	37	229	266
<b>Net book value</b>			
At 31 December 2021	-	-	-
At 31 December 2020	-	-	-



## Capital Safety Group (Northern Europe) Limited

**Notes to the Financial Statements**

For the year ended 31 December 2021

**12 Tangible assets**

	<i>Leasehold property £ 000</i>	<i>Motor vehicles £ 000</i>	<i>Total £ 000</i>
<b>Cost or valuation</b>			
At 1 January 2021	<u>47</u>	<u>263</u>	<u>310</u>
At 31 December 2021	<u>47</u>	<u>263</u>	<u>310</u>
<b>Accumulated depreciation</b>			
At 1 January 2021	47	251	298
Charge for the year	<u>-</u>	<u>2</u>	<u>2</u>
At 31 December 2021	<u>47</u>	<u>253</u>	<u>300</u>
<b>Net book value</b>			
At 31 December 2021	<u>-</u>	<u>10</u>	<u>10</u>
At 31 December 2020	<u>-</u>	<u>12</u>	<u>12</u>

**13 Stocks**

	<i>2021 £ 000</i>	<i>2020 £ 000</i>
Raw materials	41	28
Finished goods and goods for resale	<u>690</u>	<u>807</u>
	<u>731</u>	<u>835</u>

There is no significant difference between the replacement cost of the inventory and its carrying amount. Inventories are stated after provisions for impairment of £108k (2020: £185k).

## Capital Safety Group (Northern Europe) Limited

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### Notes to the Financial Statements

For the year ended 31 December 2021

#### 14 Debtors

	2021 £ 000	2020 £ 000
Trade debtors	1,064	2,394
Amounts owed by group undertakings	16,259	14,759
Deferred tax assets (note 16)	77	70
Corporation tax	166	106
	<u>17,566</u>	<u>17,329</u>

Amounts owed by group undertakings are unsecured and interest free. All amounts falling due within one year are repayable on demand.

	2021 £ 000	2020 £ 000
<i>Deferred tax assets</i>		
Accelerated capital allowances	75	68
Short-term timing differences	<u>2</u>	<u>2</u>
	<u>77</u>	<u>70</u>

#### 15 Creditors: amounts falling due within one year

	2021 £ 000	2020 £ 000
Trade creditors	1	280
Amounts owed to group undertakings	9,108	9,698
Taxation and social security	237	306
Other creditors	91	1
Accruals and Deferred income	<u>126</u>	<u>83</u>
	<u>9,563</u>	<u>10,368</u>

Of the amounts owed to group undertakings £3,168k (2020: £nil) bear interest at the LIBOR rate and are unsecured. The remaining amounts are interest free and unsecured. All amounts falling due within one year are repayable on demand. LIBOR interest rate has been replaced with SONIA interest rate in 2022.

## Capital Safety Group (Northern Europe) Limited

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### Notes to the Financial Statements

For the year ended 31 December 2021

#### 16 Deferred tax asset

	2021 £ 000	2020 £ 000
Balance at January 1	70	73
Deferred tax charged/(credited) to profit and loss account for the year	<u>7</u>	<u>(3)</u>
Balance at 31 December	<u><u>77</u></u>	<u><u>70</u></u>

#### 17 Called up share capital

*Allotted, called up and fully paid shares*

	2021	2020
	No.      £	No.      £
Ordinary of £1 each	<u>2</u> <u>2</u>	<u>2</u> <u>2</u>

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

#### 18 Ultimate parent company

The immediate parent company at the balance sheet date was Barrow Hepburn Group Limited, a company registered in the United Kingdom.

The ultimate parent is 3M Company, a company incorporated in the United states of America and 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 group financial statements of the ultimate parent company may be obtained from 3M Investor Relations, 3M Centre, Buildings 225-SN-04 St Paul, MN 55144-1000, USA.

## Capital Safety Group (Northern Europe) Limited

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### Notes to the Financial Statements

For the year ended 31 December 2021

#### 19 Post balance sheet events

##### *Russia business operations and the Ukraine war*

After re-assessing its business in Russia, the 3M Group has decided to suspend all operations there. The Company's focus is on the safety of its employees and their families. The Company is monitoring its regional operations to ensure that it continues to comply with applicable laws and regulations in the markets in which it operates in order to assess and mitigate the risks and potential impacts to supply chains and customers.

The UK entities have limited business directly with the countries involved, both directly with third party customers and through UK manufactured products; therefore the impact is foreseen to be limited.

##### *Restructuring plan*

In August 2021, the initial steps of a group restructuring plan started and carried on in 2022. As a result of this, the immediate parent undertaking of the Company is replaced from Barrow Hepburn Group Limited to 3M United Kingdom Public Limited Company on 31 May 2022.