**REGISTERED NUMBER: 03468967**

Strategic Report, Report of Directors and

Financial Statements for the year ended on 1 December 2018

for

H.B Fuller U.K. Limited

Contents of Financial Statements
As at 1 December 2018

Company Information
As at 1 December 2018

| | |
|---|---|
| **DIRECTORS:** | E R Vilas<br>R J Martsching |
| **SECRETARY:** | Citco Management U.K. Limited |
| **REGISTERED OFFICE:** | Globe Lane Industrial Estate<br>Outram Road<br>Dukinfield<br>Cheshire<br>SK 16 4XE |
| **REGISTERED NUMBER:** | 03468967 |
| **INDEPENDENT AUDITORS:** | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>One Kingsway<br>Cardiff<br>CF10 3PW |

Strategic Report
As at 1 December 2018

The directors present their Strategic Report for the year ended on 1 December 2018.

**REVIEW OF BUSINESS**

Both the level of business (excluding extraordinary events, such as intercompany balances clearings) and the period end financial position were satisfactory and the directors anticipate similar results in future periods under the commissionaire agreement terms.

The directors do not anticipate any change in the foreseeable future.

The results for the period and financial position of the company are as shown in the financial statements.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company's management consider that the company can continue to exist as the ultimate parent company, H.B. Fuller Company, have indicated their willingness to continue to support the company for the foreseeable future.

The directors are satisfied that any credit risk, foreign currency risk, liquidity risks or price risks are borne by H.B. Fuller Company.

In what regards to Brexit, the directors are currently analyzing the respective implications for the company, in order to ensure compliance with all correspondent legal obligations. However it can be assured that no significant changes are expected to occur in the business.

**KEY PERFORMANCE INDICATORS**

The directors of H.B. Fuller Group manage the group's operations on a divisional basis. To this end, H.B Fuller U.K. Limited provides key performance indicators as part of the standard reporting requirements of the group. The development, performance and position of the adhesives division of H.B. Fuller Group, which includes the company, are discussed in the group's annual report, which does not form part of this report.
Management measure performance of the business based on key performance indicators, including revenue and operating profit as set out on page 10.

**ENVIRONMENT**

The H.B. Fuller Group is very aware of its environmental responsibilities and takes appropriate action to minimize any adverse impact that might be caused by its activities. Every effort is made to dispose of waste safely and to pursue recycling action and reduction of energy consumption.

**EMPLOYEES**

Details of the number of employees and related costs can be found in note 5 of the financial statements.

Strategic Report (continued)
Period 3 December 2017 to 1 December 2018

**Financial Risk management**

The company is covered by risk management policies and procedures which are managed at group level in respect of liquidity, cash flow, foreign exchange and price risks. Responsibility for managing these risks is not delegated to the management of the company.

**FINANCIAL INFORMATION CONCERNING FINANCIAL POSITION AND PERFORMANCE**

At 1 December 2018, the entity had net assets of €19,860k (2017: €20,935k), and it had earned a loss for the financial period of €1,075k (2017: €97k profit for the financial period).

ON BEHALF OF THE BOARD:

Emilio Roque

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Emilio Roque Vilas - Director

Date: 27.08.2019

Report of the Directors
As at 1 December 2018

The directors present their report with the audited financial statements of the company for the year ended on 1 December 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of the marketing and sale of adhesives under a commissionaire agreement for a fellow group company.

The results for the period ended 1 December 2018 are set out in the attached income statement.

**DIVIDENDS**

The directors do not recommend the payment of a dividend for the 52 week period ended on 1 December 2018 (2017: Nil).

**FINANCIAL RISK MANAGEMENT**

Disclosure regarding financial risk management is made on page 4 in the Strategic report.

**DIRECTORS**

The directors who served during the period and up to the date of signing the financial statements were as follows:

R J Martsching
E R Vilas

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**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.

**GOING CONCERN**

The directors have received confirmation that financial support will be provided by a fellow group company for the foreseeable future and therefore have concluded that it is appropriate to prepare the financial statements on the going concern basis.

**INDEPENDENT AUDITORS**

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Emilio Roque

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Emilio Roque Vilas - Director

Date: 27.08.2019

# *Independent auditors' report to the members of H.B Fuller U.K. Limited*

## Report on the audit of the financial statements

### Opinion

In our opinion, H.B Fuller U.K. Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 1 December 2018 and of its loss 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 Strategic Report, Report of Directors and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 1 December 2018; the income statement 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

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

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

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

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

### Reporting on other information

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

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

# *Independent auditors' report to the members of H.B Fuller U.K. Limited (continued)*

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 Report of the Directors, 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 Report of the Directors*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 1 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## 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 set out on page 5, 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. This description forms part of our auditors' report.

*Use of this report*

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

# *Independent auditors' report to the members of H.B Fuller U.K. Limited (continued)*

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Ian Clarke

Ian Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
30 August 2019

Income Statement
Period 3 December 2017 to 1 December 2018

| | Notes | Period 03.12.17 to 01.12.2018 €'000 | €'000 | Period 04.12.16 to 02.12.2017 €'000 | €'000 |
|---|---|---|---|---|---|
| **TURNOVER** | 4 | | 3,568 | | 4,366 |
| Distribution costs | | (2,276) | | (2,611) | |
| Administrative expenses | | (1,455) | | (1,395) | |
| Other Operating expenses | | (1,333) | | | |
| | | | (5,064) | | (4,006) |
| **OPERATING (LOSS)/PROFIT** | 7 | | (1,496) | | 360 |
| Interest receivable and similar income | 8 | | 1 | | - |
| **(LOSS)/PROFIT BEFORE TAXATION** | | | (1,496) | | 360 |
| Tax on (loss)/profit | 9 | | 421 | | (263) |
| **(LOSS)/ PROFIT FOR THE FINANCIAL PERIOD** | | | (1,075) | | 97 |

The notes on pages 13 to 26 form an integral part of these financial statements.

All the results are from continuing operations.

Balance Sheet as at 1 December 2018

| | | As at 1 December 2018 | | As at 2 December 2017 | |
|---|---|---|---|---|---|
| | Note | €'000 | €'000 | €'000 | €'000 |
| **FIXED ASSETS** | | | | | |
| Intangible assets | 10 | | 410 | | 769 |
| Tangible assets | 11 | | 35 | | 34 |
| | | | 445 | | 803 |
| **Current Assets** | | | | | |
| Debtors | 12 | 26,608 | | 21,503 | |
| | | 26,608 | | 21,503 | |
| **Creditors** | | | | | |
| Amounts falling due within one year | 13 | 7,192 | | 1,371 | |
| **NET CURRENT ASSETS** | | | 19,416 | | 20,132 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 19,860 | | 20,935 |
| **CAPITAL AND RESERVES** | | | | | |
| Called Up Share capital | 15 | | 21,087 | | 21,087 |
| Accumulated losses | 16 | | (1,227) | | (152) |
| **Total Shareholder's funds** | | | 19,860 | | 20,935 |

The financial statements and notes on pages 10 to 26 were approved by the Board of Directors on ......27.08.2019......... and were signed on its behalf by:

Emilio Roque

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Emilio Roque Vilas – Director

Statement of Changes in Equity
Period 3 December 2017 to 1 December 2018

| | Share capital €'000 | Accumulated losses €'000 | Total €'000 |
|---|---|---|---|
| **BALANCE AS AT 3 December 2016** | 21,087 | (249) | 20,838 |
| Profit for the year | - | 97 | 97 |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | 97 | 97 |
| **BALANCE AS AT 2 December 2017** | 21,087 | (152) | 20,935 |
| (Loss)/Profit for the year | - | (1,075) | (1,075) |
| Other comprehensive expense for the year | - | - | |
| Total comprehensive expense for the year | - | (1,075) | (1,075) |
| **BALANCE AS AT 1 December 2018** | 21,087 | (1,227) | 19,860 |

Notes to the Financial Statements
As at 1 December 2018

**1. GENERAL INFORMATION**
H.B Fuller U.K. Limited (the "Company") is a private company limited by shares, domiciled in England and incorporated in the United Kingdom. The address of its registered office is Globe Lane Industrial Estate, Outram Road, Dukinfield, Cheshire, SK 16 4XE.

The company is engaged in the marketing and sale of adhesives under a commissionaire agreement for a fellow group company.

**2. STATEMENT OF COMPLIANCE**
The individual financial statements of the company 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(i) Basis of preparation**
The financial statements have been prepared in accordance with the Companies Act 2006 and with applicable accounting standards and under the historical cost convention.

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

**(ii) Going concern**
The directors believe that the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support by H.B. Fuller Company will be more than adequate for the company's needs, for a minimum of twelve months from the date of approval of the financial statements.

**(iii) Exemptions for qualifying entities under FRS 102**
FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of H.B. Fuller Company, which are publicly available.

As a qualifying entity, the company has taken advantage of the following exemptions in its separate financial statements:

(i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
(ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;

Notes to the Financial Statements (continued)
As at 1 December 2018

**(iii) Exemptions for qualifying entities under FRS 102 (continued)**

(iii) from disclosing share based payment arrangements, required by paragraphs 26.18(b), 26.19 to 26.21 and 26.23 of FRS 102, concerning its own equity instruments;
(iv) 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
(v) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

**(iv) Foreign currencies**
***Functional and presentation currency***
The functional currency of the primary economic environment in which the entity operates is Euro (€).

The Euro best reflects the economic substance of the underlying events and circumstances relevant to the company's global operations.

***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 recognized in the income statement.

**(v) Turnover**

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns, discounts and rebates allowed by the company and value added taxes. The company sells adhesives, primarily in the United Kingdom. Sales of goods are recognized on delivery to the customer, and when there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the goods have been shipped to the location specified by the customer, the risks of obsolescence or loss have been transferred to the customer, the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied. The Company defers revenue when it was already invoiced however the conditions of its recognition are not yet fulfill, and accrue revenue when the service/sale was performed without binding documentation.
Goods are often sold with volume rebates and also with the provision for the customer to return faulty product. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates and returns. Volume rebates are assessed based on anticipated annual purchases. Accumulated experience is used to estimate and provide for the discounts and returns. Sales are normally made with a credit term of 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.
The directors consider that there is only one class of business. H.B Fuller U.K. Limited operates as a commissionaire, the principal being H.B. Fuller Europe GmbH, a company incorporated in Switzerland. Turnover represents net funds due from the principal based on the terms set out in the commissionaire agreement.

Notes to the Financial Statements (continued)
As at 1 December 2018

**(vi) Employee benefits**
The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, defined contribution pension plans and share based payment.

***Short term benefits***
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognized as an expense in the period in which the service is received.

***Defined contribution pension***
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

**(vi) Employee benefits (continued)**
***Defined contribution pension (continued)***
The company previously participated in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of underlying assets and liabilities of the scheme on a consistent and reasonable basis and accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

***Share-based payments***
Where the company participates in a share-based payment arrangement established by a group company the company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognizes the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The corresponding credit is recognized in retained earnings as a component of equity.

Where the company is charged for the cost of share-based payments arrangements the amounts are treated as a reduction in the capital contribution. If the amount charged is in excess of the share-based payment charge the company treats the excess as a notional distribution and charges this to retained earnings.

The company's employees have been granted share options by the ultimate parent company, H.B. Fuller Company, a company incorporated in the United States of America.

The Company has taken advantage of the transition exemption under paragraph 35.10(b) of FRS 102 in respect of share based payment transactions on the date of transition to FRS 102 (30 November 2014) and have elected not to apply Section 26 Share based payments to equity instruments granted before the date of transition to FRS 102. The previous framework has been applied to instruments granted prior to the date of transition.

**(vii) Taxation**
Taxation expense for the period comprises current and deferred tax recognized in the reporting period. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case tax is also recognized in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

***Current tax***
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

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

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

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

**(viii) Goodwill**
Goodwill representing the excess of the fair value of the consideration over the fair value of the identifiable net assets of the business acquired as capitalized as an intangible asset in accordance with Section 19 of FRS 102, 'Business Combinations and Goodwill', and written off on a straight line basis over its useful economic life of 20 years. Reductions in the value of goodwill arising as a result of specific events are accounted for in the year in which the specific event occurs.

**(ix) Tangible fixed assets**
Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalized.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset by equal installments over their expected useful life as follows:

| | |
|---|---|
| Fixtures and fittings | 10% - 15% |
| Plant and machinery | 10% - 20% |
| Computer equipment | 20% - 25% |

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are de-recognized on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognized in the income statement.

**(x) Leased assets**
At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

***Operating leased* assets**
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

***Lease incentives***
Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

**(xi) Impairment of non-financial assets**
At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized in the income statement, unless the asset has been revalued when the amount is recognized in other comprehensive income to the extent of any previously recognized revaluation. Thereafter any excess is recognized in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized in prior periods. A reversal of an impairment loss is recognized in the income statement.

**(xii) Financial Instruments**
The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

**i) Financial assets**
Basic financial assets, including trade and other debtors, amount owed by group undertakings and cash and bank balances, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

At the end of each reporting period financial assets measured at amortized cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognized in the income statement.

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

Notes to the Financial Statements (continued)
As at 1 December 2018

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

**(xii) Financial Instruments (continued)**
**ii) Financial liabilities**
Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest method.

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

The company does not hold or issue derivatives financial instruments.

**iii) Offsetting**
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

**(xiii) Critical accounting judgments and estimation uncertainty**
The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue 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 recognized in the period in which the estimates are revised and in any future periods affected.

We consider that there are no significant judgements or key areas of estimation uncertainty in the preparation of these financial statements.

## 4. TURNOVER

**Analysis of turnover by geography**

| | 2018 | 2017 |
|---|---|---|
| | €'000 | €'000 |
| **Switzerland** | 3,568 | 4,366 |

**Analysis of turnover by category**

| | 2018 | 2017 |
|---|---|---|
| | €'000 | €'000 |
| **Sale of goods** | 3,568 | 4,366 |

## 5. STAFF COSTS

The average number of persons employed by the company (including executive directors) during the period was as follows:

| | Number of employees | |
|---|---|---|
| | 2018 | 2017 |
| | Number | Number |
| Management and administration | 4 | 6 |
| Sales | 21 | 22 |
| | 25 | 28 |

The aggregate payroll costs of these persons were as follows:

| | 2018 | 2017 |
|---|---|---|
| | €'000 | €'000 |
| Wages and salaries | 2,488 | 3,462 |
| Social security costs | 452 | 585 |
| Pension costs | 244 | 263 |
| | 3,184 | 4,310 |

Notes to the Financial Statements (continued)
As at 1 December 2018

## 5. STAFF COSTS (continued)

**DIRECTORS' REMUNERATION**

No director received remuneration for qualifying services to this company during the period ended on 1 December 2018 (2017:€nil).

There were no directors for whom retirement benefits were accruing during the current period (2017: nil).

## 6. SHARE BASED PAYMENT

The H.B. Fuller share option plan enables options to be granted over shares in the public traded ultimate parent company H.B. Fuller Company, to employees in the group on a remuneration basis.

Options are granted at the market value of shares under option at the date of grant. Awards under the scheme are generally reserved for employees at a senior management level and above: 6 employees from H.B. Fuller U.K. Limited are currently participating in this scheme.

Options granted under the scheme will become exercisable on the third anniversary of the date of the grant. Exercise of an option is subject to continued employment.

Full disclosure of the H.B. Fuller share option plan can be found in the financial statements of H.B. Fuller Company, the ultimate parent company. These financial statements are publicly available and can be obtained from the address in note 17.

## 7. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated as follows:

| | 2018 | 2017 |
|---|---|---|
| | €'000 | €'000 |
| Depreciation and other amounts written off tangible fixed assets: | | |
| Owned | 17 | 32 |
| Amortization of intangibles | 360 | 172 |
| Hire of plant and machinery - rentals payable under operating leases | 95 | 88 |
| Foreign exchange losses | 141 | 185 |
| | **613** | **477** |
| Other SG&A Expenses | (66) | (781) |
| Staff Costs (see note 5) | 3,184 | 4,310 |
| Total Distribution Costs and Administrative expenses | **3,731** | **4,006** |

Notes to the Financial Statements (continued)
As at 1 December 2018

**7. OPERATING PROFIT/(LOSS) (continued)**

The other SG&A expenses and other operating expenses are essentially related with travel & expenses, professional services (mainly audit and tax), intercompany charges and intercompany recharges (employees working for other H.B.F regions).

Auditors' remuneration:
The audit fee for this company of £3,000 (2017: £3,000).

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

| | 2018 | 2017 |
|---|---|---|
| | €'000 | €'000 |
| Interest income from group undertakings | (1) | - |

**9. TAX ON PROFIT / (LOSS)**

**Analysis of the tax change**

The tax rate for the current year is lower than the prior year, due to changes in the U.K. corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the U.K. corporation tax rates were substantively enacted as part of the Finance bill (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

| | 2018 | 2017 |
|---|---|---|
| | €'000 | €'000 |
| **Analysis of tax charge/(credit) for the period** | | |
| *Current tax* | | |
| U.K. corporation tax at 19.00% (2017: 19.33%) | 0 | 96 |
| Origination and reversal of timing differences | 0 | (14) |
| Other tax changes in respect to previous periods | (421) | |
| Effect of tax rate change on opening balance | 0 | 181 |
| Total current tax charge/(income) | (421) | 167 |

Notes to the Financial Statements (continued)
As at 1 December 2018

## 9. TAX ON PROFIT / (LOSS) (Continued)

**Factors affecting the tax charge**
The tax assessed for the period is lower (2017: higher) than the standard rate of corporation tax in the U.K.. The difference is explained below:

| | 2018 | 2017 |
|---|---|---|
| | €'000 | €'000 |
| Profit/(Loss) before taxation | (1,496) | 360 |
| Profit/(Loss) multiplied by the standard rate of corporation tax in the U.K. of 19.00% (2017: 19.33%) | (284) | 70 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 313 | 74 |
| Fixed assets differences | 20 | 21 |
| Other Permanent Differences | - | (5) |
| Adjustments to tax changes in respect to previous periods–deferred tax (Prior Year Adjustment) | - | 181 |
| Deferred tax not recognized | - | (15) |
| Other tax changes in respect to previous period | (421) | - |
| Others | (48) | (63) |
| Total tax charge/(income) for the period | (421) | 263 |

**Tax rate changes**

The tax rate for the current year is lower than the prior year, due to changes in the U.K. corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the U.K. corporation tax rates were substantively enacted as part of the Finance bill (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

Notes to the Financial Statements (continued)
As at 1 December 2018

## 10. INTANGIBLE FIXED ASSETS

| | Goodwill €'000 |
|---|---|
| **COST** | |
| At 3 December 2017 and 1 December 2018 | 4,247 |
| **ACCUMULATED AMORTIZATION** | |
| At 2 December 2017 | (3,478) |
| Amortization for period | (360) |
| At 1 December 2018 | (3,838) |
| **NET BOOK VALUE** | |
| At 1 December 2018 | 410 |
| At 2 December 2017 | 769 |

## 11. TANGIBLE FIXED ASSETS

| | Plant and machinery €'000 |
|---|---|
| **COST** | |
| At 2 December 2017 | 1,282 |
| Additions | 17 |
| Other Adjustments | 44 |
| Disposals | (38) |
| At 1 December 2018 | 1,305 |
| **ACCUMULATED DEPRECIATION** | |
| At 2 December 2017 | 1,248 |
| Change for period (P&L) | 17 |
| Other Adjustments | 44 |
| Disposals | (38) |
| At 1 December 2018 | 1,270 |
| **NET BOOK VALUE** | |
| At 1 December 2018 | 35 |
| At 2 December 2017 | 34 |

Notes to the Financial Statements (continued)
As at 1 December 2018

## 12. DEBTORS

| | 2018 | 2017 |
|---|---|---|
| | €'000 | €'000 |
| **Amounts falling due within one year:** | | |
| Other Debtors | - | 58 |
| Amounts owed by group undertakings | 18,795 | 19,478 |
| Trade debtors | 7,759 | 2,011 |
| Deferred Taxes | 14 | (81) |
| Prepayments and accrued income | 40 | 37 |
| | 26,608 | 21,503 |

The group balances are related with receivables on demand and cash pooling activities (€17,561). The cash pooling activities are reimbursed at a rate of one-month LIBOR less a spread of 25 basis points, with a floor of 0.0%.

## 13. CREDITORS:

| | 2018 | 2017 |
|---|---|---|
| | €'000 | €'000 |
| **Amounts falling due within one year:** | | |
| Trade creditors | 91 | 2 |
| Amounts owed to group undertakings | 5,854 | (386) |
| Taxation and Social security | 57 | 937 |
| Accruals and deferred income | 1,190 | 822 |
| | 7,192 | 1,371 |

Amounts owed by group companies undertakings are payable on demand and do not bear interest.

Notes to the Financial Statements (continued)
As at 1 December 2018

## 14. OPERATING LEASE COMMITMENTS

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

| | Other operating leases | |
|---|---|---|
| | 2018 | 2017 |
| **Payments due** | €'000 | €'000 |
| Not later than one year | 64 | 58 |
| Later than one year and not later than five years | 33 | 61 |
| | 97 | 119 |

## 15. CALLED UP SHARE CAPITAL AND RESERVES

Allotted, issue and fully paid:

| Class: | 2018 | 2017 | Nominal Value: | 01.12.18 | 02.12.17 |
|---|---|---|---|---|---|
| | | | | €'000 | €'000 |
| Ordinary | 13,476,533 | 13,476,533 | £1 | 21,087 | 21,087 |

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

## 16. ACCUMULATED LOSSES

| | 2018 | 2017 |
|---|---|---|
| | €'000 | €'000 |
| **Accumulated Losses Beginning** | **(152)** | **(249)** |
| Profit/(Loss) for the year | (1,075) | 97 |
| **Accumulated Losses End** | **(1,227)** | **(152)** |

## 17. RELATED PARTY DISCLOSURES

As the company is a wholly owned subsidiary of H.B. Fuller Operations Limited, the company has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 "related party transactions" and has, therefore, not disclosed balances or transactions with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of the ultimate parent H.B. Fuller Company, within which this company is included, can be obtained from the address given in note 18.

**18. ULTIMATE PARENT COMPANY**

The company's immediate parent company is H. B. Fuller U.K. Operations Limited, a company incorporated in England and Wales, United Kingdom.
The company's ultimate parent and controlling company and the controlling party of the smallest and largest group for which consolidated financial statements are prepared is H.B. Fuller Company, a company incorporated in the United States of America. Copies of the group financial statements are obtainable from the company secretary at:

H.B. Fuller Company
1200 Willow Lake Boulevard
Saint Paul
Minnesota 55164-0683
USA