

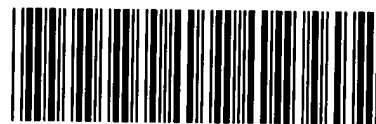
Registration number: SC122260

3M Touch Systems UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

THURSDAY



AAAQ7QPL

A07

12/08/2021

#80

COMPANIES HOUSE

3M Touch Systems UK Limited

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 6
Independent Auditors' Report to the Members of 3M Touch Systems UK Limited	7 to 10
Profit and Loss Account	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 to 25

3M Touch Systems UK Limited

Company Information

Directors D J Ashley
M I Malik
L P Plaaterud

Registration number SC122260

Independent Auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
RG1 3JH
Berkshire

Registered office Ernst & Young LLP G1
5 George Square
Glasgow
Scotland
G2 1DY

3M Touch Systems UK Limited

Strategic Report

For the year ended 31 December 2020

The directors of 3M Touch Systems UK Limited (the "Company") present their strategic report for the year ended 31 December 2020.

Principal activities

The principal activities of the Company are the distribution of Touch Systems and Display Technology Products.

Review of the business

3M Touch Systems UK Limited operates in the EMEA Touch Screen Market. There are a small number of large competitors along with a growing number of small Asian companies.

The total European market within the scope of the Company's products is valued at over \$250 million with a Compound Annual Growth Rate of 1.6%, volume growth being partially offset by price erosion.

3M Touch Systems UK Limited differentiates itself from the competition through its product performance, leading technical support, together with a commitment to deliver local service throughout the world.

Position of the Business

3M Touch Systems UK Limited has ceased trading in early 2021 and it is the intention of the company to liquidate in 2022. The financial statements, thus, have been prepared on a basis other than that of a going concern.

For 2020, our Balance Sheet continues to be in a positive position and the Company is confident that with the existing net asset position it will be able to meet liabilities as they fall due.

The focus of future activity will be on ceasing the activities and liquidating the assets. The liquidation of the company is planned for year 2022.

Key performance indicators

The Company's key financial and other performance indicators during the year were as follows:

	<i>Unit</i>	<i>2020</i>	<i>2019</i>
Growth in Sales	%	(9.03)	(25.74)
Gross Margin	%	(10.29)	8.47

- Growth in sales is the ratio of year on year sales change expressed as a percentage.
- Gross Margin is the ratio of Gross profit to sales expressed as a percentage.

As mentioned above in Position of the Business section, Strategic Report, the Company has ceased trading early in 2021.

3M Touch Systems UK Limited

Strategic Report

For the year ended 31 December 2020 (continued)

COVID-19

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

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

Principal risks and uncertainties

Risks are reviewed by the global business management and appropriate processes put into place to monitor and mitigate them.

The greatest risk for the global Company continues to be the emergence of low-cost technology from Asia. In order to mitigate this risk, the management team continually monitors price against competition and works toward improving the supply chain to minimise costs and manage overhead accordingly.

Reduced sales of the legacy Surface capacitive portfolio especially in regulated gaming, and a slower than expected transition to the lower margin PCAP portfolio have led to sales decline in 2020.

There is continued uncertainty about government restrictions in certain regulated gaming segments.

Brexit

Brexit which was effective from 1st January 2021 has limited impact on 3M Touch Systems UK Limited as the company has ceased trading in early 2021 and is intended to liquidate in the year 2022.

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

DocuSigned by:

Lars Petter Plaaterud

C1A7947BB4514E3...

L P Plaaterud

Director

10 August 2021

Date:

3M Touch Systems UK Limited

Directors' Report

For the year ended 31 December 2020

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

Directors of the Company

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

D J Ashley

M I Malik

S Semerciyan (resigned 1 December 2020)

L P Plaaterud (appointed 1 December 2020)

Results and dividends

The profit and loss account for the year is set out on page 10. The net asset position is set out on page 11. The Company incurred loss after tax for the financial year of (£1,875,000) (2019: profit after tax of £130,000), which will be deducted from/transferred to reserves. No dividends were paid in 2020 (2019: £1,500,000). The directors do not recommend the payment of a further dividend.

Future developments

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

Going concern

As at 31 December 2020, the Company has discontinued its activities and it is the intention to liquidate the Company in the year 2022. Accordingly, the financial statements have been prepared on a basis other than that of a going concern. No adjustments arose as a result of ceasing to apply the going concern basis. No provision has been made for the future costs of terminating the business unless such costs were committed at the reporting date.

Financial risk management

Objectives and policies

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt 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 management monitoring of levels of debt finance and the related finance costs.

Credit risk, liquidity risk and cash flow risk

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 Credit Control Department will notify the directors of any concerns regarding the financial stability of customers. As the company ceased trading as of 31 December 2020 the credit risk will not be applicable going forward.

3M Touch Systems UK Limited

Directors' Report

For the year ended 31 December 2020 (continued)

Financial risk management (continued)

Credit risk, liquidity risk and cash flow risk (continued)

Liquidity risk

Where necessary the Company obtains any necessary finance from within the 3M group. Interest is chargeable at the LIBOR rate.

Interest rate cash flow risk

The Company has interest bearing assets which 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 considering the size and nature of the Company operations.

Statement of directors' responsibilities

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

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

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

- select suitable accounting policies and 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.

3M Touch Systems UK Limited

Directors' Report

For the year ended 31 December 2020 (continued)

Directors' confirmations

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

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

Directors' liabilities

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

Reappointment of auditors

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

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

DocuSigned by:

Lars Petter Plaaterud

C1A7947BB4514E3...

L P Plaaterud

Director

Date: 10 August 2021

3M Touch Systems UK Limited

Independent Auditors' Report to the members of 3M Touch Systems UK Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its 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 Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 31 December 2020; Profit and Loss Account, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Emphasis of matter- financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

3M Touch Systems UK Limited

Independent Auditors' Report to the members of 3M Touch Systems UK Limited (continued)

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

3M Touch Systems UK Limited

Independent Auditors' Report to the members of 3M Touch Systems UK 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, environmental regulations, UK Government Medicines and Healthcare products regulatory agency (MHRA), 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 and/or posting fraudulent journal entries. Audit procedures performed by the engagement team included:

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

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

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

3M Touch Systems UK Limited

Independent Auditors' Report to the members of 3M Touch Systems UK Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



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

Date: 10 August 2021

3M Touch Systems UK Limited

Profit and Loss Account

For the year ended 31 December 2020

	<i>Note</i>	<i>2020 £ 000</i>	<i>2019 £ 000</i>
Turnover	4	10,821	11,895
Cost of sales		<u>(11,934)</u>	<u>(10,888)</u>
Gross (loss)/profit		(1,113)	1,007
Distribution costs		(613)	(840)
Administrative expenses		<u>(145)</u>	<u>(22)</u>
Operating (loss)/profit	5	(1,871)	145
Interest receivable and similar income	6	<u>1</u>	<u>15</u>
(Loss)/profit before tax		(1,870)	160
Tax on (loss)/profit	10	<u>(5)</u>	<u>(30)</u>
(Loss)/profit for the financial year		<u><u>(1,875)</u></u>	<u><u>130</u></u>

The above results were derived from discontinued operations.

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

The notes on pages 14 to 25 form an integral part of these financial statements.

3M Touch Systems UK Limited

Balance Sheet

as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Current assets			
Inventories	11	-	1,163
Debtors	12	4,401	2,569
Cash at bank and in hand	13	241	512
		4,642	4,244
Creditors: Amounts falling due within one year	14	(3,160)	(887)
Total assets less current liabilities		<u>1,482</u>	<u>3,357</u>
Net assets		<u>1,482</u>	<u>3,357</u>
Capital and reserves			
Called up share capital	15	-	-
Capital contribution reserve	17	1,785	1,785
(Accumulated losses)/Retained earnings	17	(303)	1,572
Total equity		<u>1,482</u>	<u>3,357</u>

These financial statements on pages 11 to 25 were approved by the Board on 9 August 2021 and signed on its behalf by:

DocuSigned by:

Lars Petter Plaaterud

C1A7947BB4514E3...

L P Plaaterud

Director

Date: 10 August 2021

Registration number: SC122260

The notes on pages 14 to 25 form an integral part of these financial statements.

3M Touch Systems UK Limited

Statement of Changes in Equity

For the year ended 31 December 2020

	<i>Called up share capital £ 000</i>	<i>Capital contribution reserve £ 000</i>	<i>Retained earnings £ 000</i>	<i>Total equity £ 000</i>
At 1 January 2019	-	1,785	2,942	4,727
Profit for the year	-	-	130	130
Total comprehensive income	-	-	130	130
Dividends (Note 18)	-	-	(1,500)	(1,500)
At 31 December 2019	-	1,785	1,572	3,357
	<i>Called up share capital £ 000</i>	<i>Capital contribution reserve £ 000</i>	<i>(Accumulated losses)/Retained earnings £000</i>	<i>Total equity £000</i>
At 1 January 2020	-	1,785	1,572	3,357
Loss for the year	-	-	(1,875)	(1,875)
Total comprehensive loss	-	-	(1,875)	(1,875)
At 31 December 2020	-	1,785	(303)	1,482

The contribution of £1,785,000 (2019: £1,785,000) to the Company's permanent capital was made by the parent Company, 3M Touch Systems Inc. This Company has stated its intention not to withdraw this capital which is intended to rank equally with equity share capital and has thus been included as part of equity shareholders' funds.

The notes on pages 14 to 25 form an integral part of these financial statements.

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

1 General information

3M Touch Systems UK Limited distributes a range of touch system and display technology products. The Company is a private Company limited by share capital, incorporated and domiciled in Scotland, United Kingdom.

The address of its registered office is Ernst & Young LLP G1, 5 George Square, Glasgow, Scotland G2 1DY.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

These financial statements are prepared on a historical cost convention, on a basis other than that of going concern.

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

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

Going concern

As at 31 December 2020, the Company has discontinued its activities and it is the intention to liquidate the Company in the year 2022. Accordingly, the financial statements have been prepared on a basis other than that of a going concern. No adjustments arose as a result of ceasing to apply the going concern basis. No provision has been made for the future costs of terminating the business unless such costs were committed at the reporting date.

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

2 Accounting policies (continued)

Summary of 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:

- from preparing a statement of cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A 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.

Revenue recognition

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 revenue 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 revenue 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.

Revenue is recognised on delivery of products or once all risks and rewards have passed to the customer.

Pension scheme arrangements

Company contributions in 2020 were made solely to the 3M UK Group stakeholder pension scheme, which is operated by a fellow subsidiary, 3M United Kingdom PLC and funded by both the employers' and employees' contributions.

The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency transactions and balances

The Company's functional and presentational currency is pound sterling. Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current or deferred taxation assets and liabilities are not discounted.

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

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 recognised in financial statements.

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

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

Financial instruments

Recognition and measurement

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.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised 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 amortised cost using the effective interest method.

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

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

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

2 Accounting policies (continued)

Financial instruments (continued)

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

(ii) Financial liabilities

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

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

Trade payables 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 recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss. 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.

Share capital

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

Dividends

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

Related party transactions

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

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

3 Critical accounting judgements and estimation of uncertainty

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

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

4 Turnover

Turnover is attributable to one class of business, the principal activities of the Company.

	2020 £ 000	2019 £ 000
Analysis of turnover by geography		
UK and Ireland	498	1,909
Rest of Europe	10,290	9,986
Rest of world	33	-
	<u>10,821</u>	<u>11,895</u>

5 Operating (loss)/profit

Arrived at after (crediting)/charging:

	2020 £ 000	2019 £ 000
Foreign exchange gains	(31)	(45)
Impairment of trade debtors/(reversal of impairment)	103	(21)
(Reversal of impairment)/Impairment of inventory	<u>(51)</u>	<u>43</u>

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

6 Interest receivable and similar income

	<i>2020</i>	<i>2019</i>
	<i>£ 000</i>	<i>£ 000</i>
Interest on loans to group undertakings	<u>1</u>	<u>15</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	<i>2020</i>	<i>2019</i>
	<i>£ 000</i>	<i>£ 000</i>
Wages and salaries	331	519
Social security costs	66	101
Other pension costs	<u>35</u>	<u>45</u>
	<u>432</u>	<u>665</u>

The average monthly number of employees (including executive directors) was:

By Activity	<i>2020</i>	<i>2019</i>
	<i>No.</i>	<i>No.</i>
Distribution and selling	<u>5</u>	<u>6</u>

Some of the employees work full-time for the Company, but are not paid by the Company and they do not have service contracts with the Company. However the Company bears a management charge for their services from the fellow subsidiary undertakings that pay these employees, and can ascertain the proportion of these management charges that relate to staff costs. Accordingly these costs are disclosed within "staff costs" and the employees are also included in the calculation of the average number of employees above.

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

8 Directors' remuneration

The emoluments of all directors were paid by 3M United Kingdom PLC and they are deemed to be wholly attributable to services to that Company. 3M Touch Systems UK Limited and 3M United Kingdom PLC have the same ultimate parent Company, 3M Company. Accordingly, no emoluments are disclosed in these financial statements.

3M United Kingdom PLC did not make a charge to the Company in respect of management services.

Retirement benefits are not accruing for any directors (2019: none) under the defined contribution scheme. No director exercised share options in the ultimate parent Company during the year (2019: one).

9 Auditors' remuneration

Services provided by the Company's auditors and its associates:

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

	2020 £ 000	2019 £ 000
Audit services: fees payable for the audit of the Company	20	43
Total services	<u>20</u>	<u>43</u>

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

10 Tax on (loss)/profit

Tax charged in the income statement

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	-	26
Deferred taxation		
Arising from origination and reversal of timing differences	5	4
Total deferred taxation	5	4
Tax expense in the income statement	5	30

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

The differences are reconciled below:

	2020 £ 000	2019 £ 000
(Loss)/profit before tax	(1,870)	160
Corporation tax at standard rate in UK at 19% (2019: 19%)	(355)	30
Effect of income not taxable	13	-
Effect of group relief/ other relief	348	-
Effect of tax rate changes	(1)	-
Total tax charge	5	30

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

10 Tax on (loss)/profit (continued)**Factors affecting current and future tax charges**

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

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

Deferred tax

	<i>Deferred tax asset £ 000</i>
At 1 January 2020	5
Charged to the profit and loss account	<u>(5)</u>
At 31 December 2020	<u><u>-</u></u>

11 Inventories

	<i>2020 £ 000</i>	<i>2019 £ 000</i>
Raw materials and consumables	-	3
Finished goods and goods for resale	<u>-</u>	<u>1,160</u>
	<u><u>-</u></u>	<u><u>1,163</u></u>

The replacement cost of inventory is not substantially different from its book value. Inventories are stated after provisions for impairment of £nil (2019: £58,000).

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

12 Debtors

	2020 £ 000	2019 £ 000
<i>Amounts falling due within one year</i>		
Trade debtors	3,397	861
Amounts owed by group undertakings	719	1,553
Other debtors	110	109
Corporation tax	175	41
Deferred tax assets	-	5
	<u>4,401</u>	<u>2,569</u>

Amounts owed by group undertakings bear interest at the LIBOR rate with the exception of £76,000 (2019: £8,000) which is unsecured, interest free and repayable on demand.

Trade debtors are stated after provisions for impairment of £114,000 (2019: £10,000).

13 Cash at bank and in hand

	2020 £ 000	2019 £ 000
Cash at bank	<u>241</u>	<u>512</u>

14 Creditors: Amounts falling due within one year

	2020 £ 000	2019 £ 000
<i>Amounts falling due within one year</i>		
Trade creditors	93	-
Amounts owed to group undertakings	2,865	829
Accruals and deferred income	<u>202</u>	<u>58</u>
	<u>3,160</u>	<u>887</u>

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

14 Creditors: Amounts falling due within one year (continued)

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

15 Called up share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	100	-	100	-

16 Pension and other schemes***Defined contribution pension scheme***

The Company makes contributions to various 3M pension schemes according to their country of residence. The pension cost charge for the year represents contributions made by the Company to the scheme and amounted to £35,000 (2019: £45,000). There are no contributions outstanding at 31 December 2020 (2019: £nil).

17 Reserves

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

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

18 Dividends

	2020	2019
	£ 000	£ 000
Final dividend of £nil (2019: £15,000) per ordinary share	-	1,500

19 Commitments***Financial commitments***

The Company had no capital or other commitments at 31 December 2020 or 31 December 2019.

3M Touch Systems UK Limited

Notes to the Financial Statements

For the year ended 31 December 2020

20 Parent and ultimate parent undertaking

The immediate parent undertaking is 3M Touch Systems Inc.

The ultimate parent undertaking and controlling party is 3M Company, a Company incorporated in the United States of America. 3M Company is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements of 3M Company are available from 3M Investor Relations, 3M Center, Building 225-01-S-15 St Paul, MN 55144-1000, USA.