

Registration number: 04176862

Meguiar's Trading Limited

Annual Report and Financial Statements

For the year ended 31 December 2021



Meguiar's Trading Limited

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Meguiar's Trading Limited

Company Information

Directors D J Ashley
 L P Plaaterud
 L Hanseid

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

**Registration
number** 04176862

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

Bankers Lloyds Bank Plc
 25 Gresham Street
 London
 EC2V 7HN

Meguiar's Trading Limited

Strategic Report

For the year ended 31 December 2021

The directors present their Strategic Report on the Company for the year ended 31 December 2021.

Principal activities

With effect from 3 February 2021, the Company has changed its name from 3M UK Trading Limited to Meguiar's Trading Limited. The principal activity of the Company in the year under review was that of the distribution of car care products.

Review of the business

The profit and loss account for the year is set out on page 11. The net asset position is set out on page 12. The Company recorded sales of £20,325k (2020: £17,135k) which is an increase of 19% in the year (2020: increase of 29%). Gross margin remained at the same level of 23% (2020: 23%). Operating expenses increased to 21% (2020: 14%) mainly due to increased warehousing and carriage cost. As a result, operating profit decreased from 10% to 4% in 2021 which is still within the range expected by the directors and consistent with the prevailing business model. The Company made a profit in the year of £592k (2020: £1,395k) and has net assets of £7,486k (2020: £6,894k).

Key performance indicators and future developments

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

	2021	2020
Growth in Sales	19%	29%
Gross Margin	23%	23%

Definition, Method of Calculation and Analysis:

- 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.

Outlook

The Company's continued main focus is to deliver sustainable profitable sales growth in the UK. This overall strategy has several elements:

- Gaining market share;
- Introducing innovative new products and expand our product listings in main retailers;
- Maintaining a strong online retailer position; and
- Establishing ourselves as the premium brand for car enthusiasts.

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.

Meguiar's Trading Limited

Strategic Report (continued)

For the year ended 31 December 2021

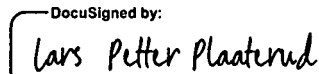
The Trade and Cooperation Agreement between the UK and EU had a significant impact on the Meguiar's Trading Limited export business, because all products sold are imported from outside the EU. In order to continue sales to EU customers and intercompany EU entities, it was necessary to pay import duties twice, once when the inventory entered the UK and again when re-exported to customers in the EU. In addition to the doubling of import duties, Meguiar's Trading Limited and the Meguiar's EU entities also incurred substantial export and import documentation and administration costs. A decision was taken in January 2021 to open a second Meguiar's distribution centre in Germany to directly service all EU customers and avoid these additional duties and administration costs. This new third-party logistics distribution centre opened in January 2022 and is managed by Meguiar's Germany.

Principal risks and uncertainties

Risks are reviewed by the global business management and appropriate processes are put into place to monitor and mitigate them. The greatest risk for the Company is the tight relationship with the retail industry. In order to mitigate this risk, the management team continually monitors price against competition and works towards improving the supply chain to minimise costs.

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

DocuSigned by:



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L P Plaaterud

Director

28-Jun-2022 | 14:58 CEST

Date:.....

Meguiar's Trading Limited

Directors' Report

For the year ended 31 December 2021

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

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

L Hanseid (appointed 28 February 2021)

L P Plaaterud (appointed 28 February 2021)

M I Malik (resigned on 28 February 2021)

S Semerciyan (resigned on 28 February 2021)

Results and Dividends

The profit and loss account for the year is set out on page 11. The Company's profit for the financial year was £592k (2020: £1,395k).

No dividends were paid or recommended during the year (2020: £nil).

Future developments

Details of future plans for the Company are included in the Strategic Report on page 2.

Going concern

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

Financial risk management

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's monitoring of levels of debt finance and the related finance costs.

Price risk

The Company is exposed to commodity price risk as a result of its operations. The Company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

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

Meguiar's Trading Limited

Directors' Report (continued)

For the year ended 31 December 2021

Liquidity risk

Where necessary the Company obtains any necessary finance from within the 3M group. Interest is chargeable at the LIBOR rate. LIBOR interest rate has been replaced with SONIA interest rate in 2022.

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's operations.

Post balance sheet events

Russia business operations and the Ukraine war

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

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

Research and development

The Company has a strong commitment to research and development, the cost of which is mainly borne by the Meguiar's Inc., USA.

Directors' indemnities

The Company maintains liability insurance for its directors and officers in accordance with the Articles of the Company. The Company has also provided an indemnity for its directors 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.

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

- select suitable accounting policies and apply them consistently;
- state whether applicable 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

Meguiar's Trading Limited

Directors' Report (continued)

For the year ended 31 December 2021

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Directors' confirmations

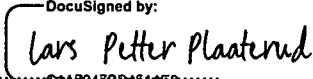
In the case of each director in office at the date the directors' report is approved:

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

Independent auditors

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

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

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L P Plaaterud

Director

28-Jun-2022 | 14:58 CEST

Date:

Meguiar's Trading Limited

Independent auditors' report to the members of Meguiar's Trading Limited

Report on the audit of the financial statements

Opinion

In our opinion, Meguiar's Trading Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; the profit and loss account and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Meguiar's Trading Limited

Independent auditors' report to the members of Meguiar's Trading Limited (continued)

Reporting on other information

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

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

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

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

Strategic report and Directors' report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Meguiar's Trading Limited

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

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

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

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

Meguiar's Trading Limited

Independent auditors' report to the members of Meguiar's Trading Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



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

28 June 2022

Meguiar's Trading Limited

Profit and Loss Account

For the year ended 31 December 2021

	<i>Note</i>	<i>2021</i> <i>£ 000</i>	<i>2020</i> <i>£ 000</i>
Turnover	5	20,325	17,135
Cost of sales		<u>(15,716)</u>	<u>(13,220)</u>
Gross profit		4,609	3,915
Distribution costs		(1,722)	(773)
Administrative expenses		(2,546)	(1,736)
Other operating income	6	<u>380</u>	<u>318</u>
Operating profit		721	1,724
Interest receivable and similar income	9	-	2
Interest payable and similar expenses	10	<u>(11)</u>	<u>(1)</u>
Profit before tax		710	1,725
Tax on profit	11	<u>(118)</u>	<u>(330)</u>
Profit for the financial year		<u>592</u>	<u>1,395</u>

The above results were derived from continuing 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 26 form an integral part of these financial statements.

Meguiar's Trading Limited

Balance Sheet

as at 31 December 2021

Registration number: 04176862

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Tangible assets	12	<u>16</u>	<u>20</u>
Current assets			
Stocks	13	5,220	2,232
Debtors	14	4,431	6,010
Cash at bank and in hand	15	<u>699</u>	<u>229</u>
		10,350	8,471
Creditors: amounts falling due within one year	16	<u>(2,880)</u>	<u>(1,597)</u>
Net current assets		<u>7,470</u>	<u>6,874</u>
Total assets less current liabilities		<u>7,486</u>	<u>6,894</u>
Net assets		<u>7,486</u>	<u>6,894</u>
Capital and reserves			
Called up share capital	18	-	-
Retained earnings		<u>7,486</u>	<u>6,894</u>
Total equity		<u>7,486</u>	<u>6,894</u>

The financial statements on pages 11 to 26 were approved by the board of directors on 22 June 2022 and were signed on its behalf by:

DocuSigned by:

Lars Petter Plaaterud

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L P Plaaterud

Director

28-Jun-2022 | 14:58 CEST

Date:.....

The notes on pages 14 to 26 form an integral part of these financial statements.

Meguiar's Trading Limited

Statement of Changes in Equity

For the year ended 31 December 2021

	<i>Called up share capital £ 000</i>	<i>Retained earnings £ 000</i>	<i>Total equity £ 000</i>
At 1 January 2020	-	5,499	5,499
Profit for the year	-	1,395	1,395
At 31 December 2020	-	6,894	6,894
At 1 January 2021	-	6,894	6,894
Profit for the year	-	592	592
At 31 December 2021	-	7,486	7,486

The notes on pages 14 to 26 form an integral part of these financial statements.

Meguiar's Trading Limited

Notes to the Financial Statements

For the year ended 31 December 2021

1 General information

With effect from 3 February 2021, the Company has changed its name from 3M UK Trading Limited to Meguiar's Trading Limited. The company is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The principal activity of the company is the distribution of car care products.

The Company's registered office address is 3M Centre, Cain Road, Bracknell, Berkshire, RG12 8HT and its business address is Heartlands Business Park, 3 Lamport Court, Daventry, NN11 8UF.

2 Statement of compliance

The individual financial statements of Meguiar's Trading Limited have been prepared in compliance with United Kingdom Accounting Standards, incorporating Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and 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.

Basis of preparation

These financial statements are prepared on a going concern basis, 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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

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

Going concern

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

Meguiar's Trading Limited

Notes to the Financial Statements

For the year ended 31 December 2021

3 Summary of significant 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 (note 22):

- 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.

Foreign currency transactions and balances

The Company's 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.

Revenue recognition

Turnover 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 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

The Company makes contributions to the personal pension schemes of eligible employees. Contributions payable are charged in the profit and loss account in the period to which they relate.

Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of associated capital instruments. Bank charges are recognised in the period in which they are incurred.

Meguiar's Trading Limited

Notes to the Financial Statements

For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)***Taxation***

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

Current or deferred taxation assets and liabilities are not discounted.

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

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

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

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

Tangible assets

Tangible assets are stated at cost (or deemed 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.

Depreciation

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.

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

<i>Asset class</i>	<i>Depreciation method and rate</i>
Short leasehold improvements	over the life of the lease
Plant and machinery	25% on cost
Fixtures and fittings	15% on cost
Motor vehicles	25% on reducing balance
Computer equipment	33% on reducing balance

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating income'.

Leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Meguiar's Trading Limited

Notes to the Financial Statements

For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Stocks

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 weighted average cost method. The cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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.

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.

Meguiar's Trading Limited

Notes to the Financial Statements

For the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

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.

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.

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.

4 Critical accounting judgements and estimation uncertainty

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

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

5 Turnover

The analysis of the Company's turnover for the year by geographical area is as follows:

	2021 £ 000	2020 £ 000
UK	11,282	11,327
Europe	8,988	5,797
Rest of the world	55	11
	<u>20,325</u>	<u>17,135</u>

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For the year ended 31 December 2021

6 Other operating income

The operating income includes:

	2021 £ 000	2020 £ 000
Inter-company service income	<u>380</u>	<u>318</u>

Inter-company service income relates to costs incurred by Meguiar's Trading Limited in performance of activities for the benefit of other group companies.

7 Operating profit

Arrived at after charging/(crediting):

	2021 £ 000	2020 £ 000
Depreciation - owned assets	8	8
Operating leases	62	63
(Reversal of impairment)/impairment of trade receivables	(31)	97
Inventory recognised as an expense	15,071	13,220
Reversal of impairment of inventory	(44)	(76)
Audit fees payable to the Company's auditors	<u>38</u>	<u>38</u>

8 Employees and directors

The aggregate payroll costs were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	888	740
Social security costs	68	65
Other pension costs	<u>31</u>	<u>25</u>
	<u>987</u>	<u>830</u>

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Notes to the Financial Statements

For the year ended 31 December 2021

8 Employees and directors (continued)

The average monthly number of employees employed by the Company during the year was 5 (2020: 5).

The directors are considered to be the Company's only key management personnel.

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

9 Interest receivable and similar income

	2021 £ 000	2020 £ 000
Interest income on bank deposits	-	2

10 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Interest payable on bank overdrafts	1	1
Interest payable on loans from group undertakings	10	-
	11	1

11 Tax on profit

Tax charged in the profit and loss account

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	136	329
Adjustment in respect of previous periods	(17)	2
Total current tax	119	331
Deferred taxation		
Origination and reversal of timing differences	(1)	(1)
Tax charge in profit and loss account	118	330

Meguiar's Trading Limited

Notes to the Financial Statements

For the year ended 31 December 2021

11 Tax on profit (continued)

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

The differences are explained below:

	<i>2021</i> £ 000	<i>2020</i> £ 000
Profit before tax	<u>710</u>	<u>1,725</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	135	328
Effects of:		
Adjustment in respect of previous periods	<u>(17)</u>	<u>2</u>
Total tax charge	<u>118</u>	<u>330</u>

Factors affecting current and future tax charges

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

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

Meguiar's Trading Limited

Notes to the Financial Statements

For the year ended 31 December 2021

12 Tangible assets

	<i>Short leasehold improvements</i> £ 000	<i>Plant and machinery</i> £ 000	<i>Fixtures and fittings</i> £ 000	<i>Motor vehicles</i> £ 000	<i>Computer equipment</i> £ 000	<i>Total</i> £ 000
Cost or valuation						
At 1 January 2021	34	8	59	63	-	164
Additions	-	-	-	-	4	4
At 31 December 2021	34	8	59	63	4	168
Accumulated depreciation						
At 1 January 2021	34	8	52	50	-	144
Charge for the year	-	-	1	6	1	8
At 31 December 2021	34	8	53	56	1	152
Carrying amount						
At 31 December 2021	-	-	6	7	3	16
At 31 December 2020	-	-	7	13	-	20

13 Stocks

	<i>2021</i> £ 000	<i>2020</i> £ 000
Finished goods	5,220	2,232

The replacement cost of inventory is not substantially different from its book value. Inventories are stated after provisions for impairment of £20k (2020: £64k).

Meguiar's Trading Limited

Notes to the Financial Statements

For the year ended 31 December 2021

14 Debtors*Amounts falling due within one year*

	<i>2021</i> £ 000	<i>2020</i> £ 000
Trade debtors	1,760	2,670
Amounts owed by group undertakings	1,335	2,320
Recoverable VAT	242	115
Deferred tax	-	1
Prepayments and accrued income	940	904
Corporation tax	152	-
	<u>4,429</u>	<u>6,010</u>

Trade debtors are stated after provisions for doubtful debts of £68k (2020: £99k).

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

Amounts falling due after more than one year

	<i>2021</i> £ 000	<i>2020</i> £ 000
Deferred tax	<u>2</u>	<u>-</u>

15 Cash at bank and in hand

	<i>2021</i> £ 000	<i>2020</i> £ 000
Cash on hand	-	1
Cash at bank	<u>699</u>	<u>228</u>
	<u>699</u>	<u>229</u>

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For the year ended 31 December 2021

16 Creditors: amounts falling due within one year

	<i>2021</i> <i>£ 000</i>	<i>2020</i> <i>£ 000</i>
Trade creditors	500	73
Amounts owed to group undertakings	1,293	398
Corporation tax	-	18
Other taxation and social security	13	12
Accruals and deferred income	<u>1,074</u>	<u>1,096</u>
	<u>2,880</u>	<u>1,597</u>

Amounts owed to group undertakings include £852k (2020: £nil) relating to intercompany balances, which are unsecured, repayable on demand and bears interest at the LIBOR rate. LIBOR interest rate has been replaced with SONIA interest rate in 2022.

17 Deferred tax

	<i>2021</i> <i>£ 000</i>	<i>2020</i> <i>£ 000</i>
Accelerated capital allowance	<u>(2)</u>	<u>(1)</u>
Deferred tax asset	<u>(2)</u>	<u>(1)</u>

Movement in the deferred tax:

	<i>£ 000</i>
Asset at 1 January 2021	(1)
Deferred tax credited to profit and loss account	<u>(1)</u>
Asset at 31 December 2021	<u>(2)</u>

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Notes to the Financial Statements

For the year ended 31 December 2021

18 Called up share capital*Allotted, called up and fully paid shares*

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

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

19 Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021 £ 000	2020 £ 000
Within one year	62	64
Between one and five years	181	228
In more than five years	<u>-</u>	<u>10</u>
	<u>243</u>	<u>302</u>

The Company has decided not to exercise the rent break clause in February 2021. Therefore, the lease shall remain effective up to February 2026.

20 Related party disclosures

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

21 Commitments*Financial commitments*

The Company had no capital or other commitments at 31 December 2021 or 31 December 2020.

Meguiar's Trading Limited

Notes to the Financial Statements

For the year ended 31 December 2021

22 Parent and ultimate parent undertaking

The ultimate parent company and controlling party is 3M Company, a company incorporated in the United States of America and is the largest group into which the Company's financial statements are consolidated. The parent of the smallest group into which the Company's financial statements are consolidated is 3M Innovation Singapore Pte Ltd. The Company's immediate parent is 3M Innovation Singapore Pte Ltd incorporated in Singapore. The copies of consolidated financial statements are available from 3M Investor Relations, 3M Center, Building 225-01-S-15 St Paul, MN 55144-1000, USA.

23 Post balance sheet events

Russia business operations and the Ukraine war

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

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