

**AEARO LIMITED**

**Annual report and financial statements**

**Year ended 31 December 2014**

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COMPANIES HOUSE

**REPORT AND FINANCIAL STATEMENTS 2014**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

DJ Ashley  
M Chambers (Appointed 19 January 2015)  
CB Gruen (Appointed 1 December 2014)  
D Gray (Resigned 19 January 2015)  
PA Keel (Resigned 1 December 2014)

**SECRETARY**

DJ Ashley (Resigned 1 May 2015)  
DA Jubb (Appointed 1 May 2015)

**REGISTERED OFFICE**

3M Centre  
Cain Road  
Bracknell  
Berkshire  
RG12 8HT

**AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester  
United Kingdom

**SOLICITORS**

DLA  
Princes Exchange  
Princes Square  
Leeds  
LS1 4BY

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2014. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. Accordingly, a strategic report has not been presented.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company was previously the manufacture and distribution of prescription eye wear and the distribution of ear, eye and face protection systems. As noted in previous years financial statements these principal activities were significantly curtailed at 31 December 2008 and subsequently ceased during the year ended 31 December 2009.

The 31 December 2008 financial statements noted that on 1 April 2008 Aearo Holding Corporation, the ultimate parent company of Aearo Limited, was acquired by 3M Company. As a result of this change in ownership of Aearo Limited there has been a significant impact on the company's activities. The customer relationships held by Aearo Limited for all businesses other than prescription eyewear were transferred to the relevant 3M subsidiaries with effect from 1 January 2009. In addition all operations relating to this business were moved to an alternative plant owned by 3M and this transfer was substantially completed by 31 March 2009.

In November 2009 the company closed the one remaining prescription eyewear business. This in turn led to the closure of the Poynton site and from this point onwards the company continues to exist in order to collect outstanding debts and settle all outstanding obligations. It is the directors' current intention to liquidate the company at a time when all outstanding balances have been settled. Consequently the directors have continued to classify all activities as discontinued and have made the necessary provisions for closure of the company's operations.

### **RESULTS AND BUSINESS REVIEW**

The directors do not recommend the payment of a final dividend (2013: same), and have paid an interim dividend of £nil during the year (2013: £nil). The profit after tax for the year was £371,000 (2013: £36,000). The profit and loss account for the year is set out on page 6 of the financial statements. The profit for the year was transferred to reserves (2013: same).

As a result of the cessation of trade, the inclusion of key performance indicators is not considered relevant by the directors.

The financial position of the company at the end of the year is set out on page 7. Liquidity remains adequate with cash balances at the end of the year amounting to £57,000 (2013: £3,000). Excess cash is moved to the 3M cash pooling account and therefore, is reflected within 'Amounts owed by group undertakings'. The net assets of the company are £22,330,000 (2013: £21,959,000), with the increase attributable to the profit for the year ended 31 December 2014.

The profit for the year relates to interest receivable on intercompany loans and the release of the remaining onerous lease provision. The final property lease commitment terminated in December 2014.

### **FUTURE PROSPECTS**

It is the directors' current intention to liquidate the company at a time when all outstanding balances have been settled.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Following the disposal of the company's principal activity to other 3M group companies, the principal risks and uncertainties have changed significantly. As the company continues to exist solely to collect outstanding debtors and settle the remaining obligations, the company's risk profile reflects this situation. The principal risks that the company is now exposed to are credit and currency risk in relation to Intercompany receivables and these are managed on behalf of the company by 3M management on a group wide basis.

### **GOING CONCERN**

Following the cessation of trade during the year ended 31 December 2009, the company continued in existence as a dormant company to honour its obligations relating to property leases. The directors intend to keep the company in existence for the foreseeable future; therefore in accordance with FRS 18 the financial statements have been prepared on a going concern basis. Further details in relation to this are disclosed in note 1 to the financial statements.

**DIRECTORS' REPORT (continued)**

**DIRECTORS**

The directors who served during the year and to the date of this report, except where noted, are shown on page 1.

**AUDITOR**

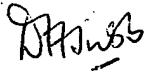
Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as auditor of the company. A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed  
for and on behalf of the Board



DA Jubb  
Company Secretary

2 JUNE 2015

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEARO LIMITED**

We have audited the financial statements of Aearo Limited for the year ended 31 December 2014, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

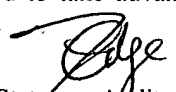
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Strategic Report and Directors' Report.

  
Timothy Edge BSc ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester, United Kingdom

2 June 2015

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2014**

	Note	2014 £'000	2013 £'000
<b>DISCONTINUED OPERATIONS</b>			
Other income	1	346	-
Administrative expenses		(31)	(15)
		<hr/>	<hr/>
<b>OPERATING PROFIT/(LOSS)</b>	2	315	(15)
Interest receivable (net)	3	71	66
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		386	51
Tax on profit on ordinary activities	4	(15)	(15)
		<hr/>	<hr/>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	10,11	<u>371</u>	<u>36</u>

All activities are presented as discontinued. See note 1 for further details.

The company has no recognised gains or losses other than the profit for the current and prior year shown above. Accordingly, a separate statement of total recognised gains and losses has not been prepared.

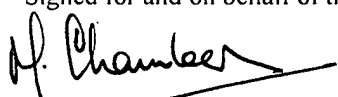


**BALANCE SHEET**  
**As at 31 December 2014**

	Note	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>			
Investments	5	1,240	1,240
<b>CURRENT ASSETS</b>			
Debtors- amounts falling due within one year	6	23,595	23,660
Cash at bank and in hand		57	3
		23,652	23,663
<b>CREDITORS: amounts falling due within one year</b>	7	(2,562)	(2,562)
<b>NET CURRENT ASSETS</b>		21,090	21,101
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		22,330	22,341
<b>PROVISIONS FOR LIABILITIES</b>	8	-	(382)
<b>NET ASSETS</b>		22,330	21,959
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	9	3,760	3,760
Profit and loss account	10	18,570	18,199
<b>SHAREHOLDERS FUNDS</b>	11	22,330	21,959

The financial statements of Aearo Limited, registered number 3066945, were approved by the Board of Directors on  
2 JUNE 2015.

Signed for and on behalf of the Board of Directors



M Chambers  
Director

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2014

#### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

They have all been consistently applied throughout the current year and prior year.

##### **Basis of preparation**

As noted in the December 2008 financial statements substantially all operations of the company were transferred to other 3M group undertakings. This transfer was substantially complete by 31 March 2009 except for the prescription eyewear product line. This remaining business ceased trading in November 2009 and therefore, at 31 December 2014 the company continues to exist solely to collect remaining debts and settle outstanding obligations. It is the directors' intention to liquidate the company in the coming years.

Following the cessation of trade during the year ended 31 December 2009, the company continued in existence as a dormant company to honour its obligations relating to property leases. The directors intend to keep the company in existence for the foreseeable future; therefore in accordance with FRS 18 the financial statements have been prepared on a going concern basis.

##### **Group accounts**

The financial statements present information about the company as an individual undertaking and not its group. The company and its subsidiary undertaking are wholly owned subsidiaries of 3M Company. 3M Company produces consolidated financial statements that are publicly available; hence the company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006.

##### **Investments**

Investments held as fixed assets are stated at cost less provision for impairment.

##### **Operating leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **Other income**

Other income relates to the write back of the onerous lease provisions on the basis that there are no more costs to be incurred relating to leased premises.

##### **Cash flow statement**

The company is exempt from the requirement of Financial Reporting Standard 1 – Cash Flow Statements, as it is a wholly owned subsidiary of 3M Company whose financial statements are publicly available.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2014**

**2. OPERATING PROFIT/(LOSS)**

	2014 £'000	2013 £'000
Operating profit/(loss) is stated after charging:		
Auditor's remuneration		
- fees payable to the Company's auditors for the audit of the Company's annual financial statements	8	8
- non audit services: tax services	2	4
	<u>8</u>	<u>4</u>

Fees payable to Deloitte LLP and its associates for non-audit services were in respect of tax services. No fees were payable in respect of the company's subsidiary as this was fully dormant in the year.

**3. INTEREST RECEIVABLE (NET)**

	2014 £'000	2013 £'000
Interest receivable from group undertakings	<u>71</u>	<u>66</u>

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2014 £'000	2013 £'000
<b>Current tax</b>		
United Kingdom corporation tax	<u>15</u>	<u>15</u>
<b>Tax on profit on ordinary activities</b>	<u>15</u>	<u>15</u>

The differences between the total current tax shown above and the amounts calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	<u>387</u>	<u>51</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 21.55% (2013: 23.25%)	83	12
Effects of:		
Income not deductible for tax purposes	(70)	-
Adjustments to tax charge in respect of prior years	<u>2</u>	<u>3</u>
Current tax charge for the year	<u>15</u>	<u>15</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2014**

**5. INVESTMENTS**

	2014 £'000	2013 £'000
Subsidiary undertaking	1,240	1,240

The subsidiary undertaking, Peltor Limited, is a 100% owned dormant subsidiary and is incorporated in Great Britain.

**6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014 £'000	2013 £'000
Amounts owed by group undertakings	23,594	23,659
Other debtors	1	1
	<u>23,595</u>	<u>23,660</u>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014 £'000	2013 £'000
Amounts owed to group undertakings	2,547	2,547
UK corporation tax	15	15
	<u>2,562</u>	<u>2,562</u>

**8. PROVISIONS FOR LIABILITIES**

	Onerous leases £'000
At 1 January 2014	382
Utilised in year	(36)
Write back in the year	(346)
Balance at 31 December 2014	<u>-</u>

Onerous lease provisions included the lease costs (£63,000), provision for on-going rates and utility related costs (£31,000) and dilapidations provision (£288,000).

The onerous lease provisions, as stated above, have been partially utilised in the year with the residual position of £346,000 having been released as a result of there being no more costs to be incurred relating to leased premises.

**9. CALLED UP SHARE CAPITAL**

	2014 £'000	2013 £'000
Authorised 15,000,000 ordinary shares of £1 each.	15,000	15,000
Called up, allotted and fully paid 3,759,688 ordinary shares of £1 each	<u>3,760</u>	<u>3,760</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2014**

**10. RESERVES**

	Profit & loss account £'000
At 1 January 2014	18,199
Retained profit for the year	371
	<hr/>
At 31 December 2014	18,570
	<hr/>

**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	2014 £'000	2013 £'000
Profit for the year	371	36
Opening shareholders' funds	21,959	21,923
	<hr/>	<hr/>
Closing shareholders' funds	22,330	21,959
	<hr/>	<hr/>

**12. FINANCIAL COMMITMENTS**

**Capital commitments**

The company had no capital commitments as at 31 December 2014 (2013: £nil).

**Operating lease commitments**

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2014 £'000	Land and buildings 2013 £'000
Leases which expire:		
Within 1 year	-	63
	<hr/>	<hr/>

Following the transfer of trade to other 3M Group companies, the various leased properties were maintained up to the end of each lease term. The final property lease terminated in December 2014 and the company has no more commitments in this regard.

**13. ULTIMATE PARENT COMPANY**

The directors regard 3M Company as the ultimate parent company and the ultimate controlling party.

The largest and smallest group of which Aearo Limited is a member and for which group financial statements are drawn up is that headed by 3M Company, a company incorporated in the USA. The principal place of business of this company is at 3M Center, Building 0224-05-N-40, St. Paul, MN 55144-1000, United States. The consolidated financial statements of this group are available to the public.

**14. RELATED PARTY TRANSACTIONS**

On 1 April 2008 Aearo Holding Corporation, the previous ultimate parent company of Aearo Limited, was acquired by 3M Company. As a subsidiary undertaking of 3M Company, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" not to disclose transactions with wholly owned members of the group headed by 3M Company.