Univar Limited

Report and Financial Statements

31 December 2016

Directors
S Duyfjes
R Hayes
S N Landsman (resigned with effect from 20 May 2017)
P Bryant
J Carr (appointed with effect from 20 May 2017)

Secretary
Pinsent Masons Secretarial Limited
1 Park Row
Leeds
LS1 5AB

Auditor
RSM UK Audit LLP
Chartered Accountants
2 Whitehall Quay
Leeds
LS1 4HG

Registered Office
Aquarius House
6 Mid Point Business Park
Thornbury
Bradford
BD3 7AY

Strategic report

The directors present their strategic report for the year ended 31 December 2016.

Business review and principal activities

The company's immediate parent undertaking is Univar UK Limited; a sub-holding company. Univar Inc is the ultimate parent undertaking, a company registered on the NYSE.

The company's principal activities are the involvement in the sales, marketing and distribution of chemicals with the wider Univar Group. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any major changes in the company's activities in the next year.

The company operates a product distribution agreement with Univar B.V., a fellow group company, whereby Univar B.V. undertakes the product procurement and sales transactions on behalf of the company, and the company acts as the distribution principal in the agreement and retains responsibility for maintaining customer relationships and arranging sales transactions.

The loss for the year after taxation amounted to £1,683,000 (2015 – profit of £14,161,000). The directors have not recommended a final dividend for the year. No interim dividend was paid.

The decrease in operating profit from £15,785,000 in 2015 to an operating loss of £4,229,000 was attributed to a mixture of weaker trading performance impacted by pricing competition and foreign exchange rates, particularly post Brexit announcement impacting the amounts receivable by the company under the product distribution agreement with Univar B.V. and which is reflected in the change in "other operating income".

Key performance indicators

The company's key financial indicators in the year were:

	2016	*2015*	*Change*
	£000	*£000*	*%*
Operating (loss) / profit	(4,229)	15,785	(126.8)
Other operating income	25,585	45,285	(43.5)
(Loss) / profit after tax	(1,683)	14,161	(111.9)
Net assets	46,460	66,898	(30.6)
Current assets as % current liabilities	190%	257%	(26.1)

The decrease in the Shareholders' funds during the year reflects the retained loss of £20,746,000 offset by the capital contribution of £308,000 relating to share based payments. The retained loss includes an actuarial loss within other comprehensive income of £22,969,000 on the company's pension scheme, being the effect of changes in actuarial assumptions exceeding the return on scheme assets, and which is disclosed in note 18 to the financial statements.

Average headcount in the year was 555 (2015: 561).

The company has an ethos of "Serious about Safety" and the continued improvement in safety performance would not be possible without engaging all employees and contractors in a way that encourages safe and responsible behaviours. Through 2016 the company has engaged UK employees via our intranet platform, emails, and at every meeting with over three people, we conduct a mandatory "Safety Share". Worker injuries are tracked using the U.S. Occupational Safety & Health Administration (OSHA) standardized methodology of Total Case Incident Rate (TCIR), which is the rate of recordable injuries per 200,000 hours worked. In 2016 this fell to a record low of 0.24 which is achieving "best in class" safety performance levels.

Registered No. 00139876

Strategic report (continued)

Principal risks and uncertainties

The principal risks and uncertainties affecting the company's trading activities arise through the long term decline of the UK manufacturing base, new sourcing territories and price volatility of products for resale.

With the manufacturing sector under continued pressure there are still many examples of companies deciding to relocate to lower cost economies. This has the effect of increasing competition in the market, and ultimately increasing pressure on selling prices and service demands. Part of the response to this is to offer alternative, cost competitive products from new suppliers and striving for service excellence. The company continues to utilise the facilities of the Univar Group to access a wide range of product sources. Univar Limited also values its commercial relationships with market leaders in chemical manufacturing throughout the world allowing an unrivalled portfolio of products for all applications.

Internal organisation structures ensure key staff have early access to market information and exposure to price and supply issues allowing informed purchasing decisions to be made to both protect the company and obtain further competitive advantage.

Internal communication structures allow the dissemination of this information to those requiring it.

The company is a member of the Univar Company Pension Scheme (1978) ("the Scheme"); a multi-employer defined benefit and defined contribution plan. The inherent risks associated with the ongoing funding of this scheme are outlined in note 18 to the financial statements.

Risk Management

Currency Risk

Management regularly monitor the company's currency positions and exchange rate movements and make currency decisions as appropriate. The group may take on forward exchange contracts to mitigate any material currency risks brought about by its trading activities.

Price Risk

The company constantly reviews both its own and supplier prices and, where appropriate, will use a range of suppliers to ensure that market prices for purchases are achieved.

Liquidity

Management control and monitor the company's cash flow on a regular basis, including forecasting future cash flows.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that party by failing to discharge and obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Future developments

The directors believe that the company is well positioned for growth, and continue to investigate all opportunities to improve the profitability of the business.

On behalf of the Board

S Duytjes - Director

24 August 2017

Registered No. 00139876

Directors' report

The directors present their report and financial statements for the year ended 31 December 2016.

Directors

The directors who served the company during the year were as follows:

S Duyfjes
R Hayes
S N Landsman (resigned with effect from 20 May 2017)
P Bryant
J Carr (appointed with effect from 20 May 2017)

Dividends

The directors have not recommended the payment of a dividend this year.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management and objectives are described on page 2. As a consequence, the directors believe that the company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' qualifying third party indemnity provision

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Strategic Report

In accordance with section 414C(11) of the Companies Act 2006 (strategic report and directors' report) Regulations 2013, the company has prepared a strategic report, which includes information that previously would have been included in the directors' report.

Disabled persons

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

Directors' report (continued)

Disclosure of information to the auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors, each of the directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and

- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board

S Duyfjes - Director

24 August 2017

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable UK 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Univar Limited

Opinion on financial statements

We have audited the financial statements on pages 9 to 33. 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), including FRS 101 "Reduced Disclosure Framework".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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.

Independent auditor's report (continued)

to the members of Univar Limited

Respective responsibilities of directors and auditor

As more fully explained in the directors' responsibilities statement set out on page 6, 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 (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

Paul Langhorn (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

2 Whitehall Quay, Leeds, LS1 4HG

Date 24 August 2017

Income statement

for the year ended 31 December 2016

	Notes	*2016* *£000*	*2015* *£000*
Turnover	3	48	137
Cost of sales		(402)	(415)
Gross loss		(354)	(278)
Distribution costs		(3,395)	(4,810)
Administrative expenses		(26,065)	(24,412)
Other operating income		25,585	45,285
Operating (loss) / profit	4	(4,229)	15,785
Interest receivable and similar income	7	11,768	10,871
Interest payable and similar charges	7	(8,775)	(8,807)
Impairment of investments		(4,090)	-
Dividend received		4,500	-
(Loss) / profit on ordinary activities before taxation		(826)	17,849
Tax	8	(857)	(3,688)
(Loss) / profit for the financial year		(1,683)	14,161

All amounts relate to continuing activities.

Statement of other comprehensive income

for the year ended 31 December 2016

	Notes	2016 £000	2015 £000
(Loss) / profit for the financial year		(1,683)	14,161
Other comprehensive income:			
Items that cannot be reclassified to profit or loss:			
Actuarial loss on retirement benefit scheme	18	(22,969)	(2,692)
Deferred tax effect on retirement benefit scheme	8	3,906	485
Other comprehensive income for the year, net of tax		(19,063)	(2,207)
Total comprehensive income for the year		(20,746)	11,954

Balance sheet

at 31 December 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Intangible assets	9	10,267	6,821
Tangible assets	10	15,764	16,510
Investments	11	4,789	12,015
		30,820	35,346
Current assets			
Inventory	12	101	93
Debtors: amounts falling due within one year	13	7,196	14,176
Debtors: amounts falling due after more than one year	13	46,660	41,196
Cash at bank in hand		-	794
		53,957	56,259
Creditors: amounts falling due within one year	14	(28,463)	(21,859)
Net current assets		25,494	34,400
Total assets less current liabilities		56,314	69,746
Creditors: amounts falling due after more than one year	14	(4,198)	(6,013)
Provisions for liabilities	15	(5,480)	(3,286)
Pension (liability) / asset	18	(176)	6,451
Net assets		46,460	66,898
Capital and reserves			
Called up share capital	16	25,000	25,000
Share premium account		826	826
Capital contribution		310	2
Profit and loss account		20,324	41,070
Total equity		46,460	66,898

The financial statements of Univar Limited (registered number 00139876) were approved by the board of directors and authorised for issue on 24 August 2017. They were signed on its behalf by:

S Duyfjes
Director
24 August 2017

Statement of changes in equity

at 31 December 2016

	Called-up share capital	*Share premium account*	*Capital contribution*	*Profit and loss account*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Balance as at 1 January 2015	25,000	826	-	29,116	54,942
Profit for the year	-	-	-	14,161	14,161
Other comprehensive income for the year	-	-	-	(2,207)	(2,207)
Total comprehensive income for the year	-	-	-	11,954	11,954
Share-based payment transactions	-	-	2	-	2
Balance as at 31 December 2015	25,000	826	2	41,070	66,898
Balance as at 1 January 2016	25,000	826	2	41,070	66,898
Loss for the year	-	-	-	(1,683)	(1,683)
Other comprehensive income for the year	-	-	-	(19,063)	(19,063)
Total comprehensive income for the year	-	-	-	(20,746)	(20,746)
Share-based payment transactions	-	-	308	-	308
Balance as at 31 December 2016	25,000	826	310	20,324	46,460

Reserves of the company represent the following:

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital contribution

This relates to share options issued by the parent undertaking to employees of the company and reflects the value of that contribution by the parent.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

Notes to the financial statements

at 31 December 2016

1. Authorisation of financial statements and statement of compliance with FRS 101.

The financial statements of Univar Limited (the "company") for the year ended 31 December 2016 were authorised for issue by the board of directors on 24 August 2017 and the balance sheet was signed on the board's behalf by S Duyfjes. The company is incorporated and domiciled in England and Wales. The company's registered office is disclosed in the company information on page 1.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and under the historical cost convention. The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the company are set out in note 2.

2. Accounting policies

Basis of preparation

The accounting policies that follow set out the policies which apply in preparing the financial statements for the year ended 31 December 2016.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements'. Accordingly, as permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard.

The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based payment;*

(b) IFRS 7 *Financial Instruments: Disclosures;*

(c) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:

(i) paragraph 79(a) (iv) of IAS 1;

(d) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements;*

(e) the requirements of IAS 7 *Statement of Cash Flows*;

(f) the requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures;*

(g) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member and the compensation of key management personnel;

(h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of assets.*

Where required, equivalent disclosures are given in the group accounts of Univar Inc. The group accounts of Univar Inc are available to the public and can be obtained as set out in note 23.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Notes to the financial statements

at 31 December 2016

2. Accounting policies (continued)

Operating lease commitments

The company has entered into commercial property and motor vehicle leases as a lessee. The classification of such leases as operating or finance leases requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of the assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

Decommissioning costs capitalisation

The company is required to recognise a provision in relation to costs of dismantling or removing an asset at the end of its useful life and restoring the site on which it has been located. Such expenses are capitalised as part of the cost of the item and depreciated prospectively over the remaining life of the item to which they relate. The company recognises the present value of the liability based on an estimate of the costs to decommission the assets. Given the nature of the costs there is an uncertainty over the timing and amount of the liability.

Share based payments

The company has equity-settled share options granted to its employees by its parent company and recognises the fair value of the services received in the profit or loss and a corresponding increase in equity. The fair value of employee services received is measured using a recognised valuation model. The fair value is based on a number of assumptions and as such is a judgmental calculation.

Estimated impairment of goodwill

The recoverable amount of goodwill is based on value in use which requires estimates in respect of the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and the future earnings growth.

Defined benefit pension scheme

The company is a member of the Univar Company Pension Scheme (1978) ("the Scheme"); a multi-employer defined benefit and defined contribution plan. The key financial and actuarial assumptions associated with the scheme liabilities are outlined in note 18 to the financial statements.

Significant accounting policies

a) Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All differences are taken to the profit and loss account.

Notes to the financial statements

at 31 December 2016

2. Accounting policies (continued)

b) Intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the consideration transferred, measured at acquisition date fair value. Acquisition costs incurred are expensed and included in administrative expenses.

The UK Companies Act requires goodwill to be reduced by provisions for amortisation on a systematic basis over a period chosen by the directors, its useful economic life.

However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Other intangible assets are capitalised at cost and amortised on a straight line basis of their useful economic lives. The carrying value of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be receivable.

Amortisation is provided on all intangible fixed assets (excluding goodwill), on a straight line basis over its expected useful life as follows:

Customer relations – 5 to 13 years

The amortisation period and the amortisation method are reviewed at each financial year end.

c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, on a straight line basis over its expected useful life as follows:

Freehold buildings	–	1% to 15%
Leasehold properties	–	the unexpired period of the lease or such shorter period as is considered appropriate.
Plant and equipment	–	4% to 25%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Notes to the financial statements

at 31 December 2016

2. Accounting policies (continued)

c) Tangible fixed assets (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

d) Leases

Assets held under finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

e) Financial Instruments

Financial assets and liabilities are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial Assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

The company's financial assets include cash and short-term deposits and trade and other receivables.

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Notes to the financial statements

at 31 December 2016

2. Accounting policies (continued)

Financial Liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

Loans and borrowings are subsequently measured at amortised cost using the EIR, with interest expense recognised on an effective yield basis. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

f) Inventories

Inventories are valued at the lower of cost and net realisable value, using the FIFO basis. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

g) Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

h) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Notes to the financial statements

at 31 December 2016

2. Accounting policies (continued)

i) Pensions and other post-employment benefits

The company participates in a multi-employer defined benefit and defined contribution plan, the Univar company Pension Scheme (1978) ("the Scheme"). This plan is operated on a basis which means that it cannot enable individual companies to identify their share of the underlying assets and liabilities on a consistent and reasonable basis so the company accounts for its contributions to the Scheme as if it were only a defined contribution plan. Contributions to defined contribution plans are charged to the profit and loss account in the year in which they are payable.

j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Amounts receivable by the company under the product distribution agreement with Univar B.V., are recognised when the underlying sales transaction is complete, and are presented as other operating income in the income statement.

k) Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

l) Going concern

The company has net current liabilities of £21,166,000 (2015: £6,796,000). The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Ulixes Limited has also agreed to continue to support the company until at least 1 October 2018. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

m) Share based payments: share options

The company participates in a group share-based payment arrangement where the ultimate parent undertaking grants share options to certain employees of the company. Therefore the company measures the services received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes-Merton model. The expected life used in the model has been adjusted, based on directors' best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity as a capital contribution. Where share-based payment award vests in instalments, each instalment is accounted for as a separate arrangement ("graded vesting").

At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit and loss, with a corresponding adjustment to equity.

Notes to the financial statements

at 31 December 2016

2. Accounting policies (continued)

m) Share based payments: share options (continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions (the "original fair value") and under the modified terms and conditions (the "modified fair value") are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

n) Investments

Investments in subsidiaries are stated in the balance sheet at cost less any provisions for impairment. The carrying value of investments is reviewed on an annual basis for any signs of impairment. When a provision for impairment is deemed necessary the resulting expense is charged to the profit and loss account.

o) Group financial statements

The company has not prepared group financial statements as it is a wholly owned subsidiary undertaking of a company which itself prepares group financial statements and so is exempt by virtue of section 401 of the Companies Act 2006. These financial statements present information about the company as an individual undertaking and not about its group.

3. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, and is wholly attributable to the company's continuing principal activity.

An analysis of turnover by geographical market is given below:

	2016	*2015*
	£000	*£000*
United Kingdom	48	137

4. Operating (loss) / profit

This is stated after charging / (crediting):

	2016	*2015*
	£000	*£000*
Audit of the financial statements	27	29
Depreciation of owned assets	1,300	1,528
Depreciation of leased assets	900	3,205
Amortisation of intangibles	332	150
Loss / (gain) on disposal of tangible fixed assets	20	(6)
Exchange rate loss / (gain)	337	(1,168)
Operating lease rentals – other	1,299	1,476
Operating lease rentals – land and buildings	1,664	1,658

Notes to the financial statements

at 31 December 2016

5. Directors' remuneration

No remuneration was paid to the directors in the current year or preceding year for their services to the company. No directors accrued benefits under money purchase or defined benefit schemes.

The directors of the company are also directors of the holding company and/or fellow subsidiaries. The directors received remuneration for the year of £287,000 (2015 – £326,000) in relation to qualifying services as directors of this company, all of which was paid by Univar Inc, Univar AG and Univar Europe Limited.

6. Staff costs

	2016	*2015*
	£000	*£000*
Wages and salaries	17,124	17,177
Social security costs	1,705	1,651
Defined contribution pension costs	1,735	1,722
Redundancy costs	54	66
Share based payments	308	2
	20,926	20,618

The average monthly number of employees during the year was made up as follows:

	No.	*No.*
Administrative	55	52
Sales and distribution	500	509
	555	561

7. Interest

	2016	*2015*
Interest receivable and similar income:	*£000*	*£000*
Group interest received	2,947	2,697
Bank interest received	1	1
Other finance income	8,820	8,173
	11,768	10,871

	2016	*2015*
Interest payable and similar charges:	*£000*	*£000*
Group interest payable	307	140
Bank interest payable	4	–
Finance lease interest payable	436	607
Other interest payable	8,209	7,487
(Adjustments to) / unwinding of discounts on provisions	(181)	573
	8,775	8,807

Notes to the financial statements

at 31 December 2016

8. Tax

(a) Tax charged in the income statement

	2016 £000	2015 £000
Current tax:		
UK corporation tax on the loss for the year	–	–
Adjustments in respect of prior years	163	–
Total current tax (note 8(b))	163	–
Deferred tax:		
Origination and reversal of timing differences	864	3,664
Change in tax rate	54	(99)
Adjustments in respect of prior years	(224)	123
Total deferred tax (note 8 (c))	694	3,688
Tax expense in the income statement	857	3,688

Tax charged to other comprehensive income

	2016 £000	2015 £000
Deferred tax:		
Origination and reversal of timing differences	(3,906)	(485)
Total deferred tax (note 8 (c))	(3,906)	(485)
Tax credit in other comprehensive income	(3,906)	(485)

(b) Reconciliation of the total tax charge

The tax expense in the income statement for the year is higher than the standard rate of corporation tax in the UK of 20.00% (2015 – 20.25%). The differences are reconciled below:

	2016 £000	2015 £000
(Loss) / profit on ordinary activities before tax	(826)	17,849
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 – 20.25%)	(165)	3,614
Effects of:		
Expenses not deductible for tax purposes	(150)	50
Group loss relief surrendered for no consideration	1,181	–
Deferred tax rate changes	54	(99)
Adjustments in respect of prior years	(61)	123
Share options	(2)	–
Total tax expense reported in the income statement	857-	3,688-

Notes to the financial statements

at 31 December 2016

8. Tax (continued)

(c) Deferred tax

	2016	*2015*
	£000	*£000*
Accelerated capital allowances	718	278
Pension fund	–	(1,161)
Losses	2,595	1,370
Other timing differences	651	567
	3,964	1,054
Disclosed on the balance sheet		
Deferred tax asset	3,964	1,054

The movement in deferred tax asset is summarised as follows	*2016*
	£000
Brought forward	1,054
Charge in the income statement	(694)
Credit in other comprehensive income	3,906
Recognised on transfer of intangibles	(302)
Carried forward	3,964

Deferred tax included in the profit and loss account	*2016*	*2015*
	£000	*£000*
Accelerated capital allowances	(846)	364
Losses	(1,556)	595
Pension	3,268	2,940
Other timing differences	(2)	(235)
Change in tax rates	54	(99)
Adjustments in respect of prior years	(224)	123
Deferred tax expenses/(credit)	694	3,688

Deferred tax included in other comprehensive income	*2016*	*2015*
	£000	*£000*
Pension	(3,906)	(485)
Deferred tax credit	(3,906)	(485)

A deferred tax asset totalling £13,000 (2015 – £14,000) in respect of capital losses has not been recognised due to uncertainty over the future utilisation.

Notes to the financial statements

at 31 December 2016

8. Tax (continued)

(d) Factors affecting future tax

The standard rate of corporation tax in the United Kingdom for the year is 20% (2015: 20.25%). The Finance Act 2016 received Royal Assent on 15 September 2016 and enacted a reduction in the main rate of corporation tax to 17% with effect from 1 April 2020 (the statutory corporation tax rate until that date is 19%). Deferred tax has therefore been provided, where applicable, at 19% or 17% depending on the company's estimate of when timing differences are likely to reverse.

9. Intangible fixed assets

	Goodwill	*Customer relations*	*Total*
	£000	*£000*	*£000*
Cost:			
At 1 January 2016	6,821	–	6,821
Additions	–	964	964
Transfers (note 11)	904	1,910	2,814
At 31 December 2016	7,725	2,874	10,599
Amortisation:			
At 1 January 2016	–	–	–
Charge for the year	–	332	332
At 31 December 2016	–	332	332
Net book value:			
At 31 December 2016	7,725	2,542	10,267
At 1 January 2016	6,821	–	6,821

The company carried out the impairment test of goodwill for the year ended 31 December 2016 and have not made an adjustment for this in the period.

The directors believe that, for goodwill allocation purposes, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets is the company as a whole.

The recoverable amount of the company is based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the directors covering a five-year period.

The carrying amount of the company's non-current assets and non-group working capital assets and liabilities is £26,163,000. This is less than its recoverable amount of £73,872,000, which was calculated using a discount rate of 9.44%. Therefore no impairment has been recognised.

Notes to the financial statements

at 31 December 2016

10. Tangible fixed assets

	Buildings £000	Plant and equipment £000	Total £000
Cost:			
At 1 January 2016	12,962	32,447	45,409
Additions	101	1,560	1,661
Disposals	(158)	(834)	(992)
Transfers	333	(333)	-
At 31 December 2016	13,238	32,840	46,078
Depreciation:			
At 1 January 2016	8,287	20,612	28,899
Charge for the year	412	1,788	2,200
Disposals	(150)	(635)	(785)
At 31 December 2016	8,549	21,765	30,314
Net book value:			
At 31 December 2016	4,689	11,075	15,764
At 1 January 2016	4,675	11,835	16,510

	2016 £000	2015 £000
The net book values of buildings comprises:		
Freehold	3,720	3,633
Leasehold	969	1,042
	4,689	4,675

11. Investments

	Shares in subsidiary undertakings £000
Cost:	
At 1 January 2016	12,015
Adjustment on transfer of trade	(2,513)
Adjustment to deferred consideration	(623)
Allowance for impairment:	
At 1 January 2016	–
Impairment of investment	(4,090)
At 31 December 2016	4,789

Notes to the financial statements

at 31 December 2016

11. Investments (continued)

The company has taken advantage of section 405(2) of the Companies Act 2006 and disclosed only those investments whose results or financial position materially affected the figures shown in the company's annual financial statements.

On 1 April 2016 the trade of the subsidiary Polymer Technologies Limited was transferred to another group entity, Univar B.V. Univar Limited continues to benefit from the trade under the product distribution agreement with Univar B.V., and has retained the carrying value of the goodwill and customer relations intangibles arising on the original business combination. Included in this transfer value is £2,814,000 relating to these intangibles (note 9).

The company has impaired the investment held in Polymer Technologies Limited during the year so that the remaining investment value is equal to the net assets of the entity.

The material investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are as follows:

Name of company	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
Univar Europe Limited	Ordinary shares	99.96%	Management company
Polymer Technologies Limited	Ordinary shares	100%	Chemical product distribution

12. Inventory

	2016	*2015*
	£000	*£000*
Inventory held for resale	101	93

In the opinion of the directors there is no material difference between the replacement cost of stock and the amounts stated above.

13. Debtors

	2016	*2015*
Amounts due within one year:	*£000*	*£000*
Trade debtors	448	31
Amounts owed by fellow group undertakings	1,153	5,082
Corporation tax	332	581
VAT	281	533
Other debtors	143	288
Prepayments and accrued income	4,839	7,304
Deferred tax (note 8(c))	–	357
	7,196	14,176
Amounts due after one year:		
Amounts owed by fellow group undertakings	42,696	40,499
Deferred tax (note 8(c))	3,964	697
	46,660	41,196
	53,870	55,372

Notes to the financial statements

at 31 December 2016

13. Debtors (continued)

Amounts owed by fellow group undertakings due after more than one year includes an interest bearing loan with the company's ultimate UK parent company, Ulixes Limited, in the sum of £42,696,000 (2015: £40,500,000). Interest is charged at a rate of 7% and the loan has a maturity date of 15 July 2019.

14. Creditors

	2016	*2015*
	£000	*£000*
Amounts falling due within one year:		
Overdraft	64	–
Trade creditors	1,486	2,091
Amounts owed to fellow group undertakings	21,783	14,162
Finance lease obligations	936	890
Other creditors	388	1,174
Accruals and deferred income	3,806	3,542
	28,463	21,859

	2016	*2015*
	£000	*£000*
Amounts falling due after more than one year:		
Finance lease obligations	2,966	3,970
Accruals and deferred income	1,232	2,043
	4,198	6,013

The company's obligations under finance leases are secured by the lessors' charges over the leased assets.

15. Provisions for liabilities

	Environmental costs	*Reorganisation costs*	*Dilapidations*	*Decommissioning costs*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
At 1 January 2016	1,458	30	308	1,490	3,286
Increase to provision during the year	–	69	479	1,730	2,278
Provision release	(42)	(42)	–	–	(84)
At 31 December 2016	1,416	57	787	3,220	5,480

The environmental provision relates to the cost of reducing the impact of the company's activities on the environment at certain sites. The provision is based upon reports prepared by third party environmental consultants and is reviewed on a regular basis by local management.

Notes to the financial statements

at 31 December 2016

15. Provisions for liabilities (continued)

The reorganisation costs relate to various restructuring projects that are currently ongoing throughout the business. These include the closure of the company's Walsall site and the ongoing costs in relation to a, now unused, Bradford head office carpark.

The dilapidation costs relate to a contractual obligation as a result of a past event made in anticipation of future expenditure on the repair following the vacation of the leasehold properties.

The decommissioning costs relate to the dismantling of the tank farms. The net present value of the costs in relation to the decommissioning have been recognised as a liability within the financial statements.

16. Issued share capital

		2016		*2015*
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £1 each	25,000,000	25,000	25,000,000	25,000

17. Capital commitments

Capital commitments at the end of the year for which no provision has been made:

	2016	*2015*
	£000	*£000*
Contracted	433	317

18. Pensions

The company is a member of the Univar Company Pension Scheme (1978) ("the Scheme"). The Scheme is a multi-employer defined benefit and defined contribution plan. The plan is accounted for in the financial statements, as the company is legally the sponsoring employer for the plan, in accordance with IAS 19. There is no policy for charging the net defined benefit cost to individual group entities. The details of the (deficit) / surplus for the Scheme are provided in this note.

The assets of the Scheme are held separate to the assets of the company in separate independently administered funds.

The ongoing funding arrangements of the Scheme, in place to meet its long term pension liabilities, are governed by the Scheme documentation and national legislation. The accounting and disclosure requirements of IAS 19 do not affect these funding requirements.

The risks of the Scheme are as follows:

Longevity risk

Any increase in the Scheme participants' life expectancy will increase the Scheme's obligations.

Investment risk

If the actual return on the Scheme assets is below the discount rate used in calculating the defined benefit plan obligation, a Scheme deficit will arise; however, the composition of plan assets is balanced enough not to expose the company to significant concentrations of investment risk

Interest rate risk

A decrease in the bond interest rate will increase the Scheme obligations (however, partially counterbalanced by an increase in the return on the Scheme's debt investments).

Notes to the financial statements

at 31 December 2016

18. Pensions (continued)

Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher obligations. The majority of the Scheme's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

The overall expected rate of return on assets is established by combining the proportions held in each major asset class with expected returns for each class derived from market yields and consideration of inflation and economic growth expectations.

The defined benefit section was closed to future accrual on 30 November 2010. All active members of the section transferred to the defined contribution section of the Scheme at this date for future service.

The key financial assumptions, actuarial method and results of these valuations at 31 December 2016 and 31 December 2015 are set out below:

	2016	*2015*
	£000	*£000*
Scheme assets at fair value:		
Equities	87,053	80,442
Bonds	163,329	112,887
Other	26,372	32,905
Fair value of scheme assets	276,754	226,234
Present value of scheme liabilities	(276,930)	(219,783)
Defined benefit pension plan (deficit) / surplus	(176)	6,451

The Scheme has not invested in any of the company's own financial instruments nor in properties or other assets used by the company.

		2016	*2015*
Actuarial method used		*Projected Unit*	*Projected Unit*
		%	%
Main assumptions:			
Discount rate	%	2.60	3.80
Wages and salaries increases p.a.	%	n/a	n/a
Rate of increase in pensions in payment	%	1.95-3.40	1.95-3.40
Rate of increase in pensions in deferment	%	2.60-3.50	2.55-3.45
Return on assets	%	4.75	6.25
RPI inflation p.a.	%	3.50	3.45
CPI inflation p.a.	%	2.60	2.55

Average life expectancy:	*2016*	*2015*
Current female pensioners	23.9	25.0
Current male pensioners	22.2	22.7
Future female pensioners	25.3	26.4
Future male pensioners	23.5	24.0

Notes to the financial statements

at 31 December 2016

18. Pensions (continued)

Sensitivity of the Scheme's liabilities to the assumptions chosen:

Change in assumption	Impact on Scheme liabilities *£'000*
Increase the discount rate by 1%	(5,396)
Decrease the discount rate by 1%	5,668
Increase the inflation rate by 1%	3,089
Decrease the inflation rate by 1%	(2,993)
Increase life expectancy of all members by 1 year	8,308
Decrease life expectancy of all members by 1 year	(8,308)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Pension increases have been allowed for as appropriate under the Scheme rules. Pension increases on benefits from service before April 1997 for the Scheme are discretionary. No advance allowance for future discretionary increases has been made in the liabilities.

Employer contributions:

For the Defined Benefit section company contributions, prior to the closure of the Scheme, were as follows:

- 29.5% of pensionable salaries less member contributions for Senior Staff
- 20.0% of pensionable salaries less member contributions for other members

In addition, the company has paid deficit contributions of £15,800,000 during the year ending 31 December 2016 (2015: £14,450,000).

For the Defined Contribution section:

- 20% of pensionable salaries for non-contributory Senior Staff
- 13-15% of pensionable salaries for contributory Senior Staff
- 6-12% of pensionable salaries for other members

Employee contributions:

For the Defined Benefit section:

- The members shall pay contributions monthly as required by the Rules of the Scheme.

For the Defined Contribution section:

- Nil for non-contributory Senior Staff
- 3-5% of pensionable salaries for contributory Senior Staff
- 3-6% of pensionable salaries for other members

Notes to the financial statements

at 31 December 2016

18. Pensions (continued)

The rates paid to the Scheme are subject to minimum rates imposed by the MFR legislation.

Expected contributions to the Scheme for the year ending 31 December 2017 are £16,350,000 (2016: £15,800,000).

Expected maturity analysis of defined benefit obligations:

At 31 December 2016	Less than a year *£000*	Between 1-2 years *£000*	Between 2-5 years *£000*	Over 5 years *£000*	Total *£000*
Pension benefits	6,320	6,990	21,472	47,117	81,899

The latest formal valuation of the Scheme was as at 30 June 2015. The liabilities for the Scheme have been calculated based on the individual membership data at 30 June 2015, and rolled forward to 31 December 2016, taking account of benefits accruals and payments since the valuation date.

	2016 *£000*	*2015* *£000*
Total market value of assets	276,754	226,234
Present value of the scheme's liabilities	(276,930)	(219,783)
Total (deficit) / surplus in the scheme	(176)	6,451
Net defined benefit (liability) / asset	(176)	6,451

The expected return on assets has been derived from the expected returns from each of the main asset classes (ie equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available), and the views of investment organisations. These have then been combined, based on the asset portfolio of the Scheme, to determine the overall asset return assumption. At 31 December 2016, this approach suggested an assumption of 4.75% pa (2015: 6.25%).

An analysis of the defined benefit cost for the years ended 31 December 2016 and 31 December 2015 are as follows:

	2016 *£000*	*2015* *£000*
Expected return on pension scheme assets	8,751	8,128
Interest on pension liabilities	(8,209)	(8,060)
Total income included in profit and loss	542	68

Notes to the financial statements

at 31 December 2016

18. Pensions (continued)

Analysis of movement in the Scheme's assets and liabilities for years ended 31 December 2016 and 31 December 2015 are as follows:

	2016	*2015*
	£000	*£000*
Return on scheme assets (excluding interest income)	35,609	(5,511)
Loss on changes of assumptions	(58,578)	2,819
Total actuarial loss	(22,969)	(2,692)

Reconciliation of defined benefit obligation during the year:

	2016	*2015*
	£000	*£000*
Defined benefit obligation at 1 January	219,783	221,480
Movement in year:		
Interest cost	8,209	8,060
Benefits paid	(9,640)	(6,938)
Effect of changes in assumptions	52,495	1,210
Experience adjustments	6,083	(4,029)
Defined benefit obligation at 31 December	276,930	219,783

Reconciliation of defined benefit assets during the year:

	2016	*2015*
	£000	*£000*
Scheme assets at 1 January	226,234	216,105
Movement in year:		
Interest income	8,751	8,128
Actuarial gains / (losses)	35,609	(5,511)
Company contributions	15,800	14,450
Benefits paid	(9,640)	(6,938)
Scheme assets at 31 December	276,754	226,234

Notes to the financial statements

at 31 December 2016

19. Obligations under leases and hire purchase contracts

The company uses finance leases and hire purchase contracts to acquire motor vehicles. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of these leases. Future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2016	*2015*
	£000	*£000*
Future minimum lease payments due:		
Not later than one year	1,438	1,400
After one year but no more than five years	3,281	4,596
Later than five years	–	13
	4,719	6,009
Less finance charges allocated to future periods	(817)	(1,150)
Present value of minimum lease payments	3,902	4,859

The present value of minimum lease payments is analysed as follows:		
No later than one year	936	890
After one year but not more than five years	2,966	3,958
Later than five years	–	12
	3,902	4,860

20. Other financial commitments

At 31 December the company had total future minimum commitments under non-cancellable operating leases as set out below:

	Land and buildings		*Other*	
	2016	*2015*	*2016*	*2015*
	£000	*£000*	*£000*	*£000*
Operating leases amounts due:				
Within one year	1,674	1,891	438	530
In two to five years	2,542	4,662	466	370
Over five years	3,747	6,322	–	–
	7,963	12,875	904	900

Of the land and buildings commitment £4,265,000 (2015 – £11,261,000) is payable to fellow group *undertakings*.

Notes to the financial statements

at 31 December 2016

21. Share based payments

The company participates in a group share-based payment arrangement where the ultimate parent undertaking grants share options to certain employees of the company.

Restricted stock allows employees to obtain legal title to the shares at the time of the grant, however the right to sell or otherwise dispose is restricted until a vesting date.

Share options are granted with a fixed exercise price, are exercisable one to four years after the date of the grant and expire ten years after the date of grant. Employees are required to remain in employment with the company until the options become exercisable. Share options are settled in equity. Share options are forfeited if an employee leaves the company before they become entitled to exercise the share options.

The company recognises share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution.

No options were exercised during the period.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Exercise price in £ per share option	*Weighted average remaining contractual life, years*		*Number of share options outstanding*	
	2016	*2015*	*2016*	*2015*
15.04	11.11	12.11	3,000	3,000

22. Related party transactions

The directors have taken advantage of the exemption under paragraph 8(k) of FRS 101, and have not disclosed related party transactions with parent and fellow subsidiary undertakings.

23. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Univar UK Limited, which is registered in England and Wales.

Univar Inc is the ultimate parent undertaking.

Group financial statements, incorporating Univar Limited, for year ending 31 December 2016 were drawn up by Univar Inc, a company incorporated in the USA. The consolidated financial statements of Univar Inc. have been filed at Companies House in conjunction with the financial statements of the ultimate UK parent company, Ulixes Limited.