

# Univar Limited

## Report and Financial Statements

31 December 2017

SATURDAY



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29/09/2018 #77  
COMPANIES HOUSE

**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

Central Square, 5<sup>th</sup> Floor,

29 Wellington Street

Leeds

LS1 4DL

**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 2017.

### 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 profit for the year after taxation amounted to £11,228,000 (2016 – loss of £1,683,000). The directors have not recommended a final dividend for the year. No interim dividend was paid.

The directors have opted during the year to reclassify the income from the product distribution agreement with Univar B.V., a fellow group company, from other operating income to turnover. The agreement generated turnover of £31,661,000 in the current year (2016: £25,585,000). As operating profit is a KPI, no prior period adjustment has been included as in the opinion of management the change in presentation does not materially affect the users' interpretation of the results of the company.

Operating profit increased by £14,826,000 comparative to the prior year. This reflects a £6,076,000 increase to the amounts receivable by the company under the product distribution agreement with Univar B.V.; prior year impacted by a mixture of weaker trading performance from pricing competition and foreign exchange rates, particularly post Brexit announcement. Distribution expenses rose by 14.8% (£503,000 increase) due to the improved trading performance. Administration expenses decreased by £9,301,000 in 2017 compared to the prior year; this reflects the cessation of intercompany recharge for the central product and procurement and sales transactions project depreciation reducing expenses by £4,273,000; also includes a one-off variance of £3,168,000 (2017: credit of £616,997, 2016: charge of £2,551,466) following a review of the dilapidation costs relating 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 and decommissioning costs relating to the dismantling of the tank farms; in addition management have implemented cost controls on general administrative expenses.

### Key performance indicators

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

	2017	2016	Change
	£000	£000	%
Turnover (including other operating income in prior year)	31,663	25,633	23.5
Operating profit / (loss)	10,597	(4,229)	350.6
Profit / (loss) after tax	11,228	(1,683)	767.1
Net assets	64,959	46,460	39.8
Current assets as % current liabilities	156.1%	190%	(17.8)

The increase in the Shareholders' funds during the year reflects the retained profit of £18,482,000 (2016: loss of £20,746,000) and the capital contribution of £17,000 (2016: £308,000) relating to share based payments. The retained profit includes an actuarial gain within other comprehensive income of £8,740,000 (2016: loss £22,969,000) on the company's pension scheme, being the return on scheme assets being greater than the effect of changes in actuarial assumptions, and which is disclosed in note 18 to the financial statements.

Average headcount in the year was 545 (2016: 555).

## Strategic report (continued)

At Univar our commitment to the health and safety of our employees, contractors and visitors is unwavering. We have a safety record that we are proud of as we focus on keeping health, safety, security and environmental issues at the heart of our planning for all existing and new operations, products, processes and facilities. Through our implementation and maintenance of appropriate health and safety management systems and our strong, supportive safety culture, we will continue to improve in all aspects of our health, safety and wellbeing aspects.

2017 was Univar's safest year ever in our core chemical distribution business, with a 10% total case incident rate (TCIR) reduction. Company-wide, TCIR was flat, primarily due to on-boarding of recent acquisitions. Nevertheless, Univar continues to outperform the key safety indicators for the global chemical distribution industry categories and many other subcategories.

Note- Total Case Incident Rate (TCIR) is the U.S. Occupational Safety & Health Administration (OSHA) standardized methodology for calculating the rate of recordable injuries per 200,000 hours worked.

### 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

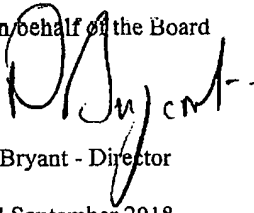
Credit risk is the risk that one party to a financial instrument will cause a financial loss for that party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history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

**Future developments**

Subsequent to the balance sheet date, on 31 May 2018, Univar Limited acquired 100% of the share capital of Earthoil Plantations Limited from Treatt Plc.

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

A handwritten signature in black ink, appearing to read 'P Bryant', is written over the text 'On behalf of the Board'.

P Bryant - Director

27 September 2018

Registered No. 00139876

## **Directors' report**

The directors present their report and financial statements for the year ended 31 December 2017.

### **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 has net current liabilities of £22,166,000 (2016: £21,166,000). 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. Univar Inc, the ultimate parent company has provided confirmation that it will continue to support the company's UK parent, Ulixes Limited, until at least 1 October 2019. In turn, Ulixes Limited, as the UK parent, has extended that support to the company over the same timescale. Accordingly, the company continues 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

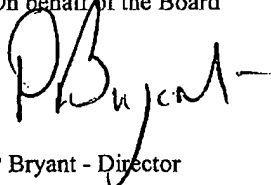
The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors, each of the directors confirms that:

- 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



P Bryant - Director  
27 September 2018

## 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; 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**

We have audited the financial statements of Univar Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, Statement of Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# Independent auditor's report (continued)

to the members of Univar Limited

## 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 material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

## Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

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

Central Square, 5<sup>th</sup> Floor, 29 Wellington Street, Leeds, LS1 4DL

Date *28* September 2018

## Income statement

for the year ended 31 December 2017

		2017	2016
	Notes	£000	£000
<b>Turnover</b>	3	31,663	48
Cost of sales		(404)	(402)
<b>Gross profit / (loss)</b>		31,259	(354)
Distribution costs		(3,898)	(3,395)
Administrative expenses		(16,764)	(26,065)
Other operating income	3	-	25,585
<b>Operating profit / (loss)</b>	4	10,597	(4,229)
Interest receivable and similar income	7	10,254	11,768
Impairment of investments	11	(224)	(4,090)
Interest payable and similar charges	7	(7,374)	(8,775)
Dividend received		224	4,500
<b>Profit / (Loss) on ordinary activities before taxation</b>		13,477	(826)
Tax	8	(2,249)	(857)
<b>Profit / (Loss) for the financial year</b>		11,228	(1,683)

All amounts relate to continuing activities.

## Statement of other comprehensive income

for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
<b>Profit / (Loss) for the financial year</b>		11,228	(1,683)
<b>Other comprehensive income:</b>			
<b>Items that cannot be reclassified to profit or loss:</b>			
Actuarial gain / (loss) on retirement benefit scheme	18	8,740	(22,969)
Deferred tax effect on retirement benefit scheme – current year	8	(1,486)	3,906
<b>Other comprehensive income for the year, net of tax</b>		7,254	(19,063)
<b>Total comprehensive income for the year</b>		18,482	(20,746)

**Balance sheet**

at 31 December 2017

	Notes.	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible assets	9	9,929	10,267
Tangible assets	10	14,957	15,764
Investments	11	4,565	4,789
		<u>29,451</u>	<u>30,820</u>
<b>Current assets</b>			
Inventory	12	101	101
Debtors: amounts falling due after more than one year	13	39,222	46,660
Debtors: amounts falling due within one year	13	6,481	7,196
Cash at bank in hand		1,666	-
		<u>47,470</u>	<u>53,957</u>
<b>Creditors: amounts falling due within one year</b>	14	(30,414)	(28,463)
<b>Net current assets</b>		<u>17,056</u>	<u>25,494</u>
<b>Total assets less current liabilities</b>		46,507	56,314
<b>Creditors: amounts falling due after more than one year</b>	14	(2,963)	(4,198)
<b>Provisions for liabilities</b>	15	(3,706)	(5,480)
<b>Pension asset / (liability)</b>	18	25,121	(176)
<b>Net assets</b>		<u>64,959</u>	<u>46,460</u>
<b>Capital and reserves</b>			
Called up share capital	16	25,000	25,000
Share premium account		826	826
Capital contribution		327	310
Profit and loss account		38,806	20,324
<b>Total equity</b>		<u>64,959</u>	<u>46,460</u>

The financial statements of Univar Limited (registered number 00139876) were approved by the board of directors and authorised for issue on 27 September 2018. They were signed on its behalf by:

  
P Bryant  
Director

27 September 2018

## Statement of changes in equity

at 31 December 2017

	<i>Called-up share capital</i>	<i>Share premium account</i>	<i>Capital contribution</i>	<i>Profit and loss account</i>	<i>Total</i>
	£000	£000	£000	£000	£000
<b>Balance as at 1 January 2016</b>	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
<b>Balance as at 31 December 2016</b>	<u>25,000</u>	<u>826</u>	<u>310</u>	<u>20,324</u>	<u>46,460</u>
<b>Balance as at 1 January 2017</b>	25,000	826	310	20,324	46,460
Profit for the year	-	-	-	11,228	11,228
Other comprehensive income for the year	-	-	-	7,254	7,254
Total comprehensive income for the year	-	-	-	18,482	18,482
Share-based payment transactions	-	-	17	-	17
<b>Balance as at 31 December 2017</b>	<u>25,000</u>	<u>826</u>	<u>327</u>	<u>38,806</u>	<u>64,959</u>

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 2017

### 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 2017 were authorised for issue by the board of directors on 27 September 2018 and the balance sheet was signed on the board's behalf by P Bryant. 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 2017.

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 2017

### 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 2017

### 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 recoverable.

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.

Amortisation expense is disclosed within admin expenses in the income statement.

#### *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, except land, 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 2017

### 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 2017

### 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 enforceable 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 2017

### 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 is 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 £22,166,000 (2016: £21,166,000). 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. Univar Inc, the ultimate parent company has provided confirmation that it will continue to support the company's UK parent, Ulixes Limited, until at least 1 October 2019. In turn, Ulixes Limited, as the UK parent, has extended that support to the company over the same timescale. 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").

## Notes to the financial statements

at 31 December 2017

### 2. Accounting policies (continued)

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.

#### *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, and is wholly attributable to the company's continuing principal activity.

An analysis of turnover by geographical market is given below:

	2017 £000	2016 £000
United Kingdom	2	48
Europe	31,661	-
	<u>31,663</u>	<u>48</u>

The directors have opted during the year to reclassify the income from the product distribution agreement with Univar B.V., a fellow group company, from other operating income to turnover. The agreement generated turnover of £31,661,000 in the current year (2016: £25,585,000).

## Notes to the financial statements

at 31 December 2017

### 4. Operating profit / (loss)

This is stated after charging / (crediting):

	2017 £000	2016 £000
Audit of the financial statements	29	27
Depreciation of owned assets	1,351	1,300
Depreciation of leased assets	907	900
Amortisation of intangibles	337	332
Loss on disposal of tangible fixed assets	594	20
Exchange rate loss	675	337
Operating lease rentals – other	1,375	1,299
Operating lease rentals – land and buildings	1,645	1,664

### 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 £281,000 (2016 – £287,000) 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

	2017 £000	2016 £000
Wages and salaries	16,918	17,124
Social security costs	1,641	1,705
Defined contribution pension costs	1,660	1,735
Redundancy costs	(1)	54
Share based payments	18	308
	20,236	20,926

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

	No.	No.
Administrative	55	55
Sales and distribution	491	500
	546	555

## Notes to the financial statements

at 31 December 2017

### 7. Interest

	2017	2016
	£000	£000
<i>Interest receivable and similar income:</i>		
Group interest received	2,929	2,947
Bank interest received	-	1
Other finance income	7,325	8,820
	<u>10,254</u>	<u>11,768</u>

	2017	2016
	£000	£000
<i>Interest payable and similar charges:</i>		
Group interest payable	-	307
Bank interest payable	3	4
Finance lease interest payable	240	436
Other interest payable	7,123	8,209
Unwinding / (adjustments to unwinding) of discounts on provisions	8	(181)
	<u>7,374</u>	<u>8,775</u>

### 8. Tax

(a) Tax charged in the income statement

	2017	2016
	£000	£000
<i>Current tax:</i>		
UK corporation tax on the profit / loss for the year	-	-
Adjustments in respect of prior years	-	163
Total current tax (note 8(b))	<u>-</u>	<u>163</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	2,815	864
Change in tax rate	(237)	54
Adjustments in respect of prior years	(329)	(224)
Total deferred tax (note 8 (c))	<u>2,249</u>	<u>694</u>
Tax expense in the income statement	<u>2,249</u>	<u>857</u>

Tax charged to other comprehensive income

	2017	2016
	£000	£000
<i>Deferred tax:</i>		
Origination and reversal of timing differences	1,486	(3,906)
Total deferred tax (note 8 (c))	<u>1,486</u>	<u>(3,906)</u>
Tax charge / (credit) in other comprehensive income	<u>1,486</u>	<u>(3,906)</u>

## Notes to the financial statements

at 31 December 2017

### 8. Tax (continued)

#### (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 19.25% (2016 – 20%). The differences are reconciled below:

	2017 £000	2016 £000
Profit / (loss) on ordinary activities before tax	13,477	(826)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 – 20.00%)	2,594	(165)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	119	(150)
Group loss relief surrendered for no consideration	180	1,181
Income not taxable	(43)	–
Transfer pricing adjustments	(36)	–
Deferred tax rate changes	(329)	54
Adjustments in respect of prior years	(237)	(61)
Share options	1	(2)
Total tax expense reported in the income statement	2,249-	857-

#### (c) Deferred tax

	2017 £000	2016 £000
Accelerated capital allowances	835	718
Losses	3,365	2,595
Other timing differences	(3,971)	651
	229	3,964

Disclosed on the balance sheet

Deferred tax asset (note 13)	229	3,964
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The movement in deferred tax asset is summarised as follows

	2017 £000
Brought forward	3,964
Charge in the income statement	(2,249)
Charge in other comprehensive income	(1,486)
Carried forward	229



## Notes to the financial statements

at 31 December 2017

### 8. Tax (continued)

Deferred tax included in the profit and loss account	2017 £000	2016 £000
Accelerated capital allowances	30	(846)
Losses	(399)	(1,556)
Pension	3,187	3,268
Other timing differences	(3)	(2)
Change in tax rates	(329)	54
Adjustments in respect of prior years	(237)	(224)
Deferred tax expenses	<u>2,249</u>	<u>694</u>

Deferred tax included in other comprehensive income	2017 £000	2016 £000
Pension	1,486	(3,906)
Deferred tax charge / (credit)	<u>1,486</u>	<u>(3,906)</u>

A deferred tax asset totalling £13,000 (2016 – £13,000) in respect of capital losses has not been recognised due to uncertainty over the future utilisation.

#### (d) Factors affecting future tax

The standard rate of corporation tax in the United Kingdom for the year is 19.25% (2016: 20%). 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.

## Notes to the financial statements

at 31 December 2017

### 9. Intangible fixed assets

	<i>Goodwill</i> £000	<i>Customer relations</i> £000	<i>Total</i> £000
Cost:			
At 1 January 2017 and 31 December 2017	7,725	2,874	10,599
Amortisation:			
At 1 January 2017	–	332	332
Charge for the year	–	338	338
At 31 December 2017	–	670	670
Net book value:			
At 31 December 2017	7,725	2,204	9,929
At 1 January 2017	7,725	2,542	10,267

The company carried out the impairment test of goodwill for the year ended 31 December 2017 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 £25,802,000. This is less than its recoverable amount of £57,028,000, which was calculated using a discount rate of 9.44%. Therefore no impairment has been recognised.

## Notes to the financial statements

at 31 December 2017

### 10. Tangible fixed assets

	<i>Land &amp; Buildings</i> £000	<i>Plant and equipment</i> £000	<i>Total</i> £000
Cost:			
At 1 January 2017	13,238	32,840	46,078
Additions	220	1,825	2,045
Disposals	(1,114)	(4,004)	(5,118)
At 31 December 2017	12,344	30,661	43,005
Depreciation:			
At 1 January 2017	8,549	21,765	30,314
Charge for the year	430	1,828	2,258
Disposals	(659)	(3,865)	(4,524)
At 31 December 2017	8,320	19,728	28,048
Net book value:			
At 31 December 2017	4,024	10,933	14,957
At 1 January 2017	4,689	11,075	15,764

	<i>2017</i> £000	<i>2016</i> £000
The net book values of land & buildings comprises:		
Freehold	3,517	3,720
Leasehold	507	969
	4,024	4,689

### 11. Investments

	<i>Shares in subsidiary undertakings</i> £000
Cost:	
At 1 January 2017 and 31 December 2017	8,879
Allowance for impairment:	
At 1 January 2017	(4,090)
Impairment of investment	(224)
	(4,314)
Net book value:	
At 31 December 2017	4,565
At 1 January 2017	4,789

## Notes to the financial statements

at 31 December 2017

### 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.

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:

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Univar Europe Limited	Ordinary shares	99.96%	Management company
Polymer Technologies Limited	Ordinary shares	100%	Non-trading
Univar Specialty Consumables Limited*	Ordinary shares	100%	Consumables distribution

\*Investment held by subsidiary undertaking.

All of the above subsidiaries were incorporated in the United Kingdom and are registered at Aquarius House, 6 Mid Point Business Park, Thornbury, Bradford, BD3 7AY.

### 12. Inventory

	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>
Inventory held for resale	101	101

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

### 13. Debtors

	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>
<i>Amounts due within one year:</i>		
Trade debtors	138	448
Amounts owed by fellow group undertakings	324	1,153
Corporation tax	496	332
VAT	115	281
Other debtors	94	143
Prepayments and accrued income	5,314	4,839
	<u>6,481</u>	<u>7,196</u>
<i>Amounts due after one year:</i>		
Amounts owed by fellow group undertakings	38,993	42,696
Deferred tax (note 8(c))	229	3,964
	<u>39,222</u>	<u>46,660</u>
	<u>45,703</u>	<u>53,856</u>

## Notes to the financial statements

at 31 December 2017

### 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 £38,993,000 (2016: £42,696,000). Interest is charged at a rate of 7% and the loan has a maturity date of 15 July 2019.

### 14. Creditors

	2017	2016
	£000	£000
<i>Amounts falling due within one year:</i>		
Overdraft	-	64
Trade creditors	2,002	1,486
Amounts owed to fellow group undertakings	24,707	21,783
Finance lease obligations	860	936
Other creditors	43	388
Accruals and deferred income	2,802	3,806
	<u>30,414</u>	<u>28,463</u>

The amounts owed to fellow group undertakings includes an interest-free loan of £22,500,000 (2016: £20,400,000) due to Distrupol Limited, the maturity date is flexible by mutual agreement.

	2017	2016
	£000	£000
<i>Amounts falling due after more than one year:</i>		
Finance lease obligations	1,853	2,966
Accruals and deferred income	1,110	1,232
	<u>2,963</u>	<u>4,198</u>

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 2017	1,416	57	787	3,220	5,480
Increase to provision during the year	-	227	8	20	255
Provision release	(1,354)	(44)	-	(579)	(1,977)
Utilised during the year	-	(52)	-	-	(52)
At 31 December 2017	<u>62</u>	<u>188</u>	<u>795</u>	<u>2,661</u>	<u>3,706</u>

## Notes to the financial statements

at 31 December 2017

### 15. Provisions for liabilities (continued)

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.

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

	No.	2017 £000	No.	2016 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	25,000,000	<u>25,000</u>	25,000,000	<u>25,000</u>

### 17. Capital commitments

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

	2017 £000	2016 £000
Contracted	<u>632</u>	<u>433</u>

### 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 surplus / (deficit) 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 2017

### 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 2017 and 31 December 2016 are set out below:

	2017 £000	2016 £000
<b>Scheme assets at fair value:</b>		
Equities	73,982	87,053
Bonds	208,132	163,329
Other	18,054	26,372
Fair value of scheme assets	300,168	276,754
Present value of scheme liabilities	(275,047)	(276,930)
Defined benefit pension plan surplus / (deficit)	25,121	(176)

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

	2017 Projected Unit %	2016 Projected Unit %
Actuarial method used		
<b>Main assumptions:</b>		
Discount rate	% 2.40	2.60
Wages and salaries increases p.a.	% n/a	n/a
Rate of increase in pensions in payment	% 1.90-3.35	1.95-3.40
Rate of increase in pensions in deferment	% 2.45-3.35	2.60-3.50
Return on assets	% 4.00	4.75
RPI inflation p.a.	% 3.35	3.50
CPI inflation p.a.	% 2.45	2.60

	2017	2016
<b>Average life expectancy:</b>		
Current female pensioners	23.5	23.9
Current male pensioners	22.1	22.2
Future female pensioners	24.6	25.3
Future male pensioners	23.0	23.5

## Notes to the financial statements

at 31 December 2017

### 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%	(5,046)
Decrease the discount rate by 1%	5,413
Increase the inflation rate by 1%	3,199
Decrease the inflation rate by 1%	(3,092)
Increase life expectancy of all members by 1 year	10,562
Decrease life expectancy of all members by 1 year	(10,698)

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 £16,350,000 during the year ending 31 December 2017 (2016: £15,800,000).

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 2017

### 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 2018 are £16,948,000 (2017: £16,350,000).

Expected maturity analysis of defined benefit obligations:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	£000	£000	£000	£000	£000
At 31 December 2017					
Pension benefits	<u>7,001</u>	<u>6,660</u>	<u>23,302</u>	<u>47,753</u>	<u>84,716</u>

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 2017, taking account of benefits accruals and payments since the valuation date.

	2017 £000	2016 £000
Total market value of assets	300,168	276,754
Present value of the scheme's liabilities	<u>(275,047)</u>	<u>(276,930)</u>
Total surplus / (deficit) in the scheme	25,121	(176)
Net defined benefit asset / (liability)	<u>25,121</u>	<u>(176)</u>

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 2017, this approach suggested an assumption of 4.00% pa (2016: 4.75%).

An analysis of the defined benefit cost for the years ended 31 December 2017 and 31 December 2016 are as follows:

	2017 £000	2016 £000
Expected return on pension scheme assets	7,325	8,751
Interest on pension liabilities	<u>(7,118)</u>	<u>(8,209)</u>
Total income included in profit and loss	<u>207</u>	<u>542</u>

## Notes to the financial statements

at 31 December 2017

### 18. Pensions (continued)

Analysis of movement in the Scheme's assets and liabilities for years ended 31 December 2017 and 31 December 2016 are as follows:

	2017 £000	2016 £000
Return on scheme assets (excluding interest income)	12,206	35,609
Loss on changes of assumptions	(3,466)	(58,578)
Total actuarial gain / (loss)	<u>8,740</u>	<u>(22,969)</u>

Reconciliation of defined benefit obligation during the year:

	2017 £000	2016 £000
Defined benefit obligation at 1 January	276,930	219,783
Movement in year:		
Interest cost	7,118	8,209
Benefits paid	(12,467)	(9,640)
Effect of changes in assumptions	1,804	52,495
Experience adjustments	1,662	6,083
Defined benefit obligation at 31 December	<u>275,047</u>	<u>276,930</u>

Reconciliation of defined benefit assets during the year:

	2017 £000	2016 £000
Scheme assets at 1 January	276,754	226,234
Movement in year:		
Interest income	7,325	8,751
Actuarial gains	12,206	35,609
Company contributions	16,350	15,800
Benefits paid	(12,467)	(9,640)
Scheme assets at 31 December	<u>300,168</u>	<u>276,754</u>

## Notes to the financial statements

at 31 December 2017

### 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:

	2017 £000	2016 £000
<i>Future minimum lease payments due:</i>		
Not later than one year	1,058	1,438
After one year but no more than five years	1,724	3,281
Later than five years	—	—
	<u>2,782</u>	<u>4,719</u>
Less finance charges allocated to future periods	(69)	(817)
Present value of minimum lease payments	<u>2,713</u>	<u>3,902</u>

The present value of minimum lease payments is analysed as follows:

	860	936
No later than one year	860	936
After one year but not more than five years	1,853	2,966
Later than five years	—	—
	<u>2,713</u>	<u>3,902</u>

### 20. Other financial commitments

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

	<i>Land and buildings</i>		<i>Other</i>	
	2017	2016	2017	2016
	£000	£000	£000	£000
Operating leases amounts due:				
Within one year	1,945	3,033	413	438
In two to five years	6,523	4,151	344	466
Over five years	2,767	5,043	—	—
	<u>11,235</u>	<u>12,227</u>	<u>757</u>	<u>904</u>

Of the land and buildings commitment £6,485,000 (2016 – £4,265,000) is payable to fellow group undertakings.

## Notes to the financial statements

at 31 December 2017

### 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.

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

	2017 Number of options	2017 Weighted average exercise price (£)	2016 Number of options	2016 Weighted average exercise price (£)
Outstanding at 1 January	3,000	15.04	3,000	15.04
Granted during the year	1,740	22.93	-	-
Transfer during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at 31 December	4,740	17.94	3,000	15.04
Exercisable at 31 December	1,500	15.04	750	15.04

### 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 2017 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.

### 24. Post balance sheet events

Subsequent to the balance sheet date, on 31 May 2018, Univar Limited acquired 100% of the share capital of Earthoil Plantations Limited from Treatt Plc.