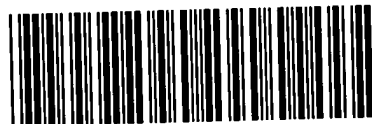


# Univar Specialty Consumables Limited

## Report and Financial Statements

31 December 2017

SATURDAY



A23 \*A7FHT5VD\* #136  
29/09/2018  
COMPANIES HOUSE

**Directors**

S Duyfjes

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

### Business review and principal activities

The company's immediate parent undertaking is Univar Europe Limited; a company providing support services for the EMEA companies of Univar Inc. Univar Inc is the ultimate parent undertaking, a company registered on the NYSE.

The company's principal activities are the distribution of abrasives, adhesives, adhesive tapes, lubricants, protection films and silicones principally to the construction, automotive, aerospace, electronics and refurbishment industries. 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.

Since the start of the business over 130 years ago, the company has had a focused goal, to offer customers the best service and technical support. The company continues to focus on this every day by training staff on the full product range to ensure delivery of excellent technical support, whilst maintaining an efficient customer purchasing experience.

The company remains very focused on safety and standards, with ISO accreditation and a safety record that includes over a decade without a single recordable injury.

As shown in the company's income statement, on page 9, the company's gross profit increased by 3.4% generating £6,437,000.

### Key performance indicators

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

	2017 £000	2016 £000	Change %
Turnover	27,759	25,394	9.3
Operating profit	1,629	1,249	30.4
Profit after taxation	1,240	1,559	(25.7)
Net assets	16,272	15,032	8.2
Current assets as a % of current liabilities	396.9%	499.2%	(20.5)

Turnover increased by £2,365,000 comparative to the prior year; reflecting stronger trading performance, particularly higher volumes in the automotive industry. The 30.4% improvement to operating profit is largely attributable to the £213,000 gross profit increase in conjunction with a reduction of £185,000 in intercompany management and support service recharges received during the year.

The increase in the Shareholders' funds during the year reflects the retained profit for the current period.

Included in the intercompany debtors of £13,359,000 (2016: £10,140,000) is a deposit of £9,215,000 (2016: £10,140,000) held in the group's centralised cash pool arrangements with Univar BV. During the current year, the company loaned £4,000,000 to its immediate parent, Univar Europe Limited, on a short-term interest free basis.

Average headcount in the year was 66 (2016: 67).

### Principal risks and uncertainties

The principal risks and uncertainties affecting the company's trading activities arise through a relatively high dependence on the UK automotive manufacturing sector where the company has a long standing supply and service proposition. This sector relies heavily on export markets and is therefore sensitive to any adverse global economic cycles that can dynamically effect car production, which also has a direct impact on company sales. Ongoing service innovation and product penetration is in place to counter the adverse effects of poor demand during periods of economic slowdown.

The company has a strong net asset position to counteract these risks and uncertainties and holds significant cash in the group's pooling arrangement.

## Strategic report (continued)

### 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

The directors aim to maintain the philosophy of "Earning customers for life" through developing tailored offerings to enhance the different areas of the business and provide specific technical solutions to customers. Over the past 10 - 15 years the product portfolio has grown extensively, this has been achieved through the company's partnerships within the automotive industry where staff stand line-side with their engineers to provide industry leading quality products and service. Particular attention will continue to be paid to keeping a tight control on costs.

On behalf of the Board



P Bryant – Director

23 July 2018

Registered No. 00994213

## 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 and subsequently were as follows:

S Duyfjes

S N Landsman (resigned with effect from 20 May 2017)

P Bryant

J Carr (appointed with effect from 20 May 2017)

### Dividends

The profit for the year after taxation amounted to £1,240,000 (2016: £1,559,000). The directors do not recommend a final dividend (2016 – £Nil).

### 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. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. As a consequence, 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. 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.

### Disclosure of information to the auditor

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:

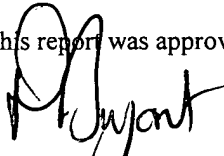
- to the best of each director's knowledge and belief, there is no information (that is, information needed by the company's auditor in connection with preparing their report) of which the company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

## Directors' report (continued)

### 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.

This report was approved by the Board and signed on its behalf:

A handwritten signature in black ink, appearing to read 'P Bryant', is written over the printed name.

P Bryant – Director

23 July 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 Specialty Consumables Limited**

## **Opinion**

We have audited the financial statements of Univar Specialty Consumables 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 Specialty Consumables 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 6, 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 6 September 2018

## Income statement

for the year ended 31 December 2017

		2017	2016
	Notes	£000	£000
<b>Turnover</b>	2	27,759	25,394
Cost of sales		(21,322)	(19,170)
<b>Gross profit</b>		6,437	6,224
Administrative expenses		(4,808)	(4,975)
<b>Operating profit</b>	3	1,629	1,249
Interest receivable and similar income	6	387	368
Interest payable and similar charges	6	(68)	(50)
<b>Profit on ordinary activities before taxation</b>		1,948	1,567
Tax	7	(708)	(8)
<b>Profit for the financial year</b>		1,240	1,559

## Statement of other comprehensive income

for the year ended 31 December 2017

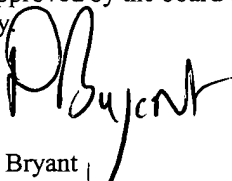
There is no comprehensive income other than the profit attributable to the shareholders of the company of £1,240,000 in the year ended 31 December 2017 (2016: £1,559,000). Therefore no statement of other comprehensive income has been presented.

## Balance sheet

at 31 December 2017

	Notes	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible assets	8	1,695	1,754
Tangible assets	9	82	48
		<u>1,777</u>	<u>1,802</u>
<b>Current assets</b>			
Inventory	10	2,115	2,282
Debtors	11	17,255	14,226
Cash at bank and in hand		7	36
		<u>19,377</u>	<u>16,544</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(4,882)</u>	<u>(3,314)</u>
<b>Net current assets</b>		<u>14,495</u>	<u>13,230</u>
<b>Net assets</b>		<u>16,272</u>	<u>15,032</u>
<b>Capital and reserves</b>			
Called up share capital	13	4,615	4,615
Profit and loss account		<u>11,657</u>	<u>10,417</u>
<b>Total equity</b>		<u>16,272</u>	<u>15,032</u>

The financial statements of Univar Specialty Consumables Limited (registered number 00994213) were approved by the board of directors and authorised for issue on 23 July 2018. They were signed on its behalf by:

  
P Bryant  
Director  
23 July 2018

## Statement of changes in equity

at 31 December 2017

	<i>Called-up share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Balance as at 1 January 2016</b>	4,615	8,858	13,473
Profit for the year	-	1,559	1,559
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,559	1,559
<b>Balance as at 31 December 2016</b>	<u>4,615</u>	<u>10,417</u>	<u>15,032</u>
<b>Balance as at 1 January 2017</b>	4,615	10,417	15,032
Profit for the year	-	1,240	1,240
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,240	1,240
<b>Balance as at 31 December 2017</b>	<u>4,615</u>	<u>11,657</u>	<u>16,272</u>

**Profit and loss account** – cumulative profit and loss net of distributions to owners.

## Notes to the financial statements

at 31 December 2017

### 1. Accounting policies

#### **Authorisation of financial statements and statement of compliance with FRS 101.**

The financial statements of Univar Specialty Consumables Limited (the “company”) for the year ended 31 December 2017 were authorised for issue by the board of directors on 23 July 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.

In preparing these financial statements, the company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU (“IFRS”), amended where necessary in order to comply with the Companies Act 2006.

The principal accounting policies adopted by the company are set out below.

#### **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 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;
  - (ii) paragraph 73(e) of IAS16 *Property, plant and equipment*;
  - (iii) paragraph 118(e) of IAS38 *Intangible assets*;
  - (iv) paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of assets*;
- (b) the requirements of IAS 7 *Statement of Cash Flows*;
- (c) 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.

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 18.

#### **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 (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

## Notes to the financial statements

at 31 December 2017

### 1. 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 7.

#### *Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal to related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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.

### **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.

#### **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 depreciation 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.

## Notes to the financial statements

at 31 December 2017

### 1. Accounting policies (*continued*)

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, other than goodwill, on a straight line basis over its expected useful life as follows:

Customer relations – 5%

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:

Plant and equipment – 10-33%

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.

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*

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.

## Notes to the financial statements

at 31 December 2017

### 1. Accounting policies (*continued*)

#### *e) Financial instruments*

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

##### *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 measurement of financial liabilities depends on their classification as follows:

##### *f) 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.

##### *g) 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.

## Notes to the financial statements

at 31 December 2017

### 1. Accounting policies (*continued*)

#### *h) 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.

#### *i) 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.

#### *j) 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 enforced 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.

#### *k) 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.

#### *l) 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.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

## Notes to the financial statements

at 31 December 2017

### 1. Accounting policies (*continued*)

#### *m) 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. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. As a consequence, 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. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### 2. 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:

	2017 £000	2016 £000
United Kingdom	26,493	24,496
Europe	1,238	883
Rest of World	28	15
	<u>27,759</u>	<u>25,394</u>

### 3. Operating profit

This is stated after charging / (crediting):

	2017 £000	2016 £000
Audit of the financial statements	13	13
Depreciation of owned assets	16	31
Amortisation of intangibles	59	59
Exchange rate loss	69	305
Redundancy	-	7
Inventory recognised as an expense (included in cost of sales)	21,322	19,170
Including: - write down of inventory to net realisable value	38	24
Operating lease rentals – other	77	93
Operating lease rentals – land and buildings	<u>191</u>	<u>168</u>

## Notes to the financial statements

at 31 December 2017

### 4. Directors' remuneration

No remuneration was paid to the directors in the current year or preceding year for their services to the company. The number of directors accruing benefits under defined benefit schemes was nil (2016 – nil). No directors accrued benefits under money purchase 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 £13,385 (2016 – £20,222) in relation to qualifying services as directors of this company, all of which was paid by Univar Inc, Univar AG and Univar Europe Limited.

### 5. Staff costs

	2017 £000	2016 £000
Wages and salaries	1,793	1,774
Social security costs	152	162
Other pension costs	119	123
	<u>2,064</u>	<u>2,059</u>

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

	No.	No.
Administrative	7	8
Sales and distribution	59	59
	<u>66</u>	<u>67</u>

### 6. Interest

	2017 £000	2016 £000
<i>Interest receivable and similar income:</i>		
Group interest received	<u>387</u>	<u>368</u>

	2017 £000	2016 £000
<i>Interest payable and similar charges:</i>		
Group interest paid	<u>68</u>	<u>50</u>

## Notes to the financial statements

at 31 December 2017

### 7. Tax

(a) Tax charged in the income statement

	2017 £000	2016 £000
<b>Current tax:</b>		
UK corporation tax on the profit for the year	385	-
Adjustments in respect of prior years	321	-
Total current tax (note 7(b))	<u>706</u>	<u>-</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	2	5
Change in tax rate	-	1
Adjustments in respect of prior years	-	2
Total deferred tax (note 7(c))	<u>2</u>	<u>8</u>
Tax expense in the income statement (note 7(b))	<u>708</u>	<u>8</u>

(b) Reconciliation of the total tax charge for the year

The tax expense in the income statement for the year is lower 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 on ordinary activities before tax	<u>1,948</u>	<u>1,567</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 – 20%)	375	313
<b>Effects of:</b>		
Expenses not deductible for tax purposes	12	12
Group loss relief received for no consideration	-	(320)
Change in tax rate	-	1
Adjustments in respect of prior years	321	2
Total tax expense reported in the income statement (note 7(a))	<u>708</u>	<u>8</u>

(c) Deferred tax

	2017 £000	2016 £000
Deferred tax asset as at 1 January	16	24
Adjustment in respect of prior years	-	(2)
Deferred tax (credit) / charge to income statement	<u>(2)</u>	<u>(6)</u>
Deferred tax asset as at 31 December	<u>14</u>	<u>16</u>

## Notes to the financial statements

at 31 December 2017

### 7. Tax (continued)

The deferred tax included in the company balance sheet is as follows:

	2017 £000	2016 £000
Accelerated capital allowances	11	13
Other timing differences	3	3
Deferred tax asset	<u>14</u>	<u>16</u>

#### (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.

### 8. Intangible fixed assets

	Goodwill £000	Customer relations £000	Total £000
Cost:			
At 1 January 2017 and 31 December 2017	<u>987</u>	<u>1,180</u>	<u>2,167</u>
Amortisation:			
At 1 January 2017	-	413	413
Charge for the year	-	59	59
At 31 December 2017	<u>-</u>	<u>472</u>	<u>472</u>
Net book value:			
At 31 December 2017	<u>987</u>	<u>708</u>	<u>1,695</u>
At 1 January 2017	<u>987</u>	<u>767</u>	<u>1,754</u>

Carrying amount of the company of £3,641,000 was less than its recoverable amount of £8,757,000, which was calculated using 9.44% discount rate. Therefore no impairment has been recognised.

Amortisation is charged to the income statement as an administrative expense.

## Notes to the financial statements

at 31 December 2017

### 9. Tangible fixed assets

	<i>Plant and equipment £000</i>
Cost:	
At 1 January 2017	240
Additions	50
At 31 December 2017	<u>290</u>
Depreciation:	
At 1 January 2017	192
Charge for the year	16
At 31 December 2017	<u>208</u>
Net book value:	
At 31 December 2017	<u>82</u>
At 1 January 2017	<u>48</u>

### 10. Inventory

	<i>2017 £000</i>	<i>2016 £000</i>
Inventory held for resale	<u>2,115</u>	<u>2,282</u>

In the opinion of the directors there is no material difference between the replacement cost of inventories and the amount stated above. As at the balance sheet date, £51,000 provision/impairment is held (2016: £110,000).

### 11. Debtors

	<i>2017 £000</i>	<i>2016 £000</i>
Trade debtors	3,529	3,799
Amounts due from fellow group undertakings	13,359	10,140
Other debtors	190	79
Prepayments and accrued income	163	192
Deferred taxation (note 7(c))	14	16
	<u>17,255</u>	<u>14,226</u>

During the year, an impairment loss of £16,000 (2016: £14,000) was recognised in respect of trade debtors due from customers who are known to be in financial difficulty and from whom payment was overdue by more than 12 months.

## Notes to the financial statements

at 31 December 2017

### 12. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	3,672	2,708
Amounts due to fellow group undertakings	43	185
Other taxes and social security costs	85	79
Accruals and deferred income	376	337
Corporation tax creditor	706	-
Other creditors	-	5
	<u>4,882</u>	<u>3,314</u>

### 13. Issued share capital

		2017		2016
	No.	£	No.	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	4,565,010	4,565,010	4,565,010	4,565,010
Ordinary non-voting shares of £1 each	50,000	50,000	50,000	50,000
		<u>4,615,010</u>		<u>4,615,010</u>

The company's ordinary shares, which carry no right to fixed income, each carry a right to one vote at general meetings of the company. Ordinary non-voting shares rank *pari passu* for income and no such voting rights.

### 14. Capital commitments

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

	2017	2016
	£000	£000
Contracted	-	11

### 15. 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 of a group entity that is legally the sponsoring employer for the plan, Univar Limited ("the company"), 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.

## Notes to the financial statements

at 31 December 2017

### 15. Pensions (continued)

#### 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 (although this is partially counterbalanced by an increase in the return on the Scheme's debt investments).

#### 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

## Notes to the financial statements

at 31 December 2017

### 15. Pensions (*continued*)

Average life expectancy:	2017	2016
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

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, fellow group undertakings have 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

## Notes to the financial statements

at 31 December 2017

### 15. Pensions (*continued*)

#### *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

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%).

## Notes to the financial statements

at 31 December 2017

### 15. Pensions (*continued*)

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	(7,118)	(8,209)
Total income included in profit and loss	207	542

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
(Gain) / loss on changes of assumptions	(3,466)	(58,578)
Total actuarial gain / (loss)	8,740	(22,969)

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	275,047	276,930

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	300,168	276,754

## Notes to the financial statements

at 31 December 2017

### 16. 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>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases, amounts due:				
Within one year	179	179	67	53
In two to five years	717	646	40	76
Over five years	166	320	0	7
	<u>1,062</u>	<u>1,145</u>	<u>107</u>	<u>136</u>

### 17. 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.

### 18. Ultimate parent undertaking controlling company

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

Univar Inc is the ultimate parent undertaking.

Group financial statements, incorporating Univar Specialty Consumables Limited, for year ended 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.