

**E&E Limited**

**Directors' report and financial  
statements**

**Registered number 139876**

**Year ended 31 December 2001**



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## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2001.

### Principal activity

The principal activity of the company is the sale, marketing and distribution of chemicals.

### Results and dividends

The results of the company for the year ended 31 December 2001 are shown in the profit and loss account on page 6.

On 2 July 2001 and 1 September 2001 respectively the trade and assets of Univar Limited and G Fiske & Co. Limited, both fellow subsidiaries, were acquired.

The directors do not recommend the payment of a dividend (8 months ended 31 December 2000: £nil).

### Change in ultimate parent

On 17 January 2001 the Ellis & Everard group was acquired by Royal Vopak N.V. On 29 June 2002 Royal Vopak N.V.'s chemical distribution business was split off into Univar N.V. Consequently on 29 June 2002 Univar N.V. became the ultimate parent company.

### Tangible fixed assets

In the opinion of the directors the market value of the company's properties is not materially different from the value included in the company's financial statements.

### Directors and directors' interests

The directors who held office during the year were as follows:

MI Latham  
JJ McKenzie  
CJ Morley (appointed 4 July 2002)  
KA Morrison (resigned 31 October 2001)  
MR Pugh  
PT Symmons

## Directors' Report *(continued)*

### Directors and directors interest *(continued)*

The directors who held office at the end of the financial year had the following interests in the shares of the former ultimate parent company, Ellis & Everard Limited, as recorded in the register of directors' share and debenture interests:

	31 December 2001	31 December 2000
<b>MI Latham</b>		
Ordinary share options	-	5,000
<b>JJ McKenzie</b>		
Ordinary shares	-	7,564
Contingent interests in ordinary shares	-	4,268
Ordinary share options	-	60,000
Savings related share options	-	10,481
<b>MR Pugh</b>		
Ordinary shares	-	25
Ordinary share options	-	21,000
Savings related share options	-	9,993

Contingent interests in shares represented those interests in shares and matched shares under a group incentive plan, whereby a part of any incentive bonus may be deferred and denominated in Ellis & Everard Limited shares. Details of the incentive plan are included in the financial statements of Ellis & Everard Limited.

All share options were either exercised or cancelled following the acquisition of the Ellis & Everard Group by Royal Vopak N.V. on 17 January 2001.

None of the directors had any interests in the shares of the ultimate parent company, Royal Vopak N.V., at 31 December 2001.

### Employee involvement and employment policies

Information concerning employees and their remuneration is given in the notes to the financial statements.

The company is committed to the principle of equal opportunity in employment. It seeks to ensure that no applicant or employee receives less favourable treatment on the grounds of gender, marital status, race, colour, ethnic origin, disability or religious beliefs or is disadvantaged by conditions which cannot be objectively justified. Furthermore, the harassment of one employee by another is strictly forbidden and a matter for disciplinary action. It is also the company's policy to comply with best practice on employment of disabled people. Full and fair consideration is given for employment, training and career development. Wherever possible this includes the retraining and retention of staff who become disabled during their employment.

## **Directors' report** *(continued)*

### **Employee involvement and employment policies** *(continued)*

Management of the company is decentralised and this is supported by a framework of human resource policies and an extensive communications network. There is regular communication and consultation with employees on matters of concern to them and participation and involvement in the development of the business is encouraged. We recognise the importance of a well educated and highly trained workforce and employees are encouraged and assisted in undertaking continuous personal development. The group supports and invests in training programmes aimed at achieving the highest standards of personal performance, safe working practises and customer service.

The pension funds within the company are administered by independent trustees including employee and pensioner representatives. In the UK, contact with and between retired employees is maintained through a Pensioners' Consultative Committee which also administers a hardship relief fund.

### **Payment of suppliers**

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made in accordance with these terms, subject to the other terms and conditions being met by the supplier.

Trade creditors shown in the balance sheet at 31 December 2001 represent 66 days of average purchases during the year (8 months ended 31 December 2000: 49 days ).

### **Post Balance Sheet Event**

On 24 October 2002 the authorised share capital of E&E Limited was increased from 800,000 ordinary shares of £1 each to 25,000,000 ordinary shares of £1 each. On the same date Ellis & Everard (UK Holdings) Limited subscribed for all the additional shares at par, thus retaining its 100% shareholding.

### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the Board



**Stephen Brian Smith**  
*Secretary*

46 Peckover Street  
Bradford  
West Yorkshire  
BD1 5BD

29 October 2002

## **Statement of directors' responsibilities**

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

## **Independent auditors' report to the members of E&E Limited**

We have audited the financial statements on pages 6 to 22.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'KPMG Audit Plc'.

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

29 October 2002

**Profit and loss account**  
*for the year ended 31 December 2001*

	<i>Note</i>	<b>Year ended 31 December 2001 £000</b>	<b>8 months ended 31 December 2000 £000</b>
<b>Turnover - continuing operations</b>	2	<b>244,815</b>	131,094
Cost of sales		<b>(195,177)</b>	(104,322)
<b>Gross profit</b>		<b>49,638</b>	26,772
Distribution costs		<b>(13,578)</b>	(7,987)
Administrative expenses-- ordinary		<b>(33,233)</b>	(14,839)
Administrative expenses- exceptional	3	<b>(2,311)</b>	(3,432)
Total Administrative expenses		<b>(35,544)</b>	(18,271)
<b>Operating profit - continuing operations</b>		<b>516</b>	514
Loss on disposal of fixed assets		<b>(3,800)</b>	-
Interest receivable and similar income	4	-	25
Interest payable and similar charges	5	<b>(542)</b>	-
<b>(Loss)/profit on ordinary activities before taxation</b>	6	<b>(3,826)</b>	539
Tax on profit on ordinary activities	9	<b>(559)</b>	(325)
<b>(Unrecovered loss)/retained profit for the financial year/period</b>		<b>(4,385)</b>	214

There were no recognised gains or losses in either the current year or preceding period other than those reflected in the profit and loss account.

There is no material difference between the reported profits and the historical cost profits for either period.

A statement of movements on reserves can be found in note 19 and a reconciliation of movements in shareholders' funds in note 20.



## Balance sheet

at 31 December 2001

	Note	31 December 2001		31 December 2000	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	10		16,165		-
Tangible assets	11		23,856		16,283
<b>Current assets</b>					
Stocks	12	30,671		18,220	
Debtors	13	67,920		41,747	
Cash at banks and in hand		6,910		1,280	
<b>Creditors: amounts falling due within one year</b>	14	105,501		61,247	
		(79,669)		(48,119)	
<b>Net current assets</b>			25,832		13,128
<b>Total assets less current liabilities</b>			65,853		29,411
<b>Creditors: amounts falling due after more than one year</b>	15		(47,651)		(5,662)
<b>Provisions for liabilities and charges</b>	16		(2,245)		(3,407)
<b>Net assets</b>			15,957		20,342
<b>Capital and reserves</b>					
Called up share capital	17		800		800
Share premium account			826		826
Profit and loss account	18		14,331		18,716
<b>Shareholders' funds - equity</b>	19		15,957		20,342

These financial statements were approved by the board of directors on 29 October 2002 and are signed on its behalf by:



**Mike Latham**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared using the historical cost convention, modified by the revaluation of certain freehold and leasehold properties, and in accordance with applicable UK accounting standards.

#### *Cash flow statement*

Under Financial Reporting Standard No. 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and consolidated financial statements in which the company is included are publicly available.

#### *Goodwill*

Goodwill arising on the acquisition of businesses prior to 30 April 1998 has been written off directly to reserves. If such a business is sold or closed, the associated goodwill is reinstated in the balance sheet and is written off in the profit and loss account in the period. Goodwill arising on the acquisition of businesses after 30 April 1998 is capitalised as an intangible asset and written off over its economic useful life, normally 20 years.

#### *Depreciation*

Depreciation is provided on tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off their cost or valuation, less their estimated residual value, on a straight line basis over the following estimated useful lives:

Freehold buildings	-	50 years maximum.
Leasehold properties	-	the unexpired period of the lease or such shorter period as is considered appropriate. Where a property is leased from a fellow group company the depreciation charge is determined by reference to the state of ownership of the particular property to the group.
Ancillary building work	-	10 to 25 years.
Storage tanks and other fixed plant	-	7 to 15 years.
Fixtures and fittings	-	5 years.
Vehicles	-	4 to 6 years.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Deferred taxation*

Provision is made in respect of capital allowances and other timing differences to the extent that it is reasonably probable that such liabilities will crystallise in the foreseeable future.

#### *Leased assets*

Assets acquired by means of finance leases are included in the balance sheet at cost and depreciated at rates appropriate for the category of asset concerned. The finance element of rentals is charged to the profit and loss account. Operating lease rental payments are expensed as incurred.

#### *Retirement benefits*

Retirement benefits are funded by contributions made by the company and its employees to trustee administered funds. For defined benefit schemes, contribution rates are calculated periodically by independent actuaries and the cost charged against profits over the estimated working lives of the employees. For defined contribution schemes, contributions are charged to the profit and loss account in the year in which they are payable.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

#### *Returnable containers*

Where customers have been charged for returnable containers, a provision is deducted from debtors for the amount by which the estimated amount of credits to be granted exceeds the stock value of the containers to be returned.

#### *Related party transactions*

The directors have taken advantage of the exemption in Financial Reporting Standard 8, paragraph 3(c), and have not disclosed related party transactions with parent and fellow subsidiary undertakings.

### 2 Turnover

Turnover relates to the sale and distribution of chemicals, excluding value added tax, and originates wholly within the United Kingdom.

#### *Geographical analysis of turnover*

	Year ended 31 December 2001 £000	8 months ended 31 December 2000 £000
<i>Geographical market supplied</i>		
United Kingdom	235,022	124,937
Rest of Europe	5,123	2,964
Rest of World	4,670	3,193
	<hr/> 244,815	<hr/> 131,094

**Notes** *(continued)*

**3 Exceptional item**

	Year ended 31 December 2001 £000	8 months ended 31 December 2000 £000
Restructuring costs	2,311	3,432

Restructuring costs in the prior period principally comprise those costs incurred in the restructuring and rationalisation of the business. Current year costs principally relate to the integration of the businesses acquired during the year (note 10).

**4 Interest receivable and similar income**

	Year ended 31 December 2001 £000	8 months ended 31 December 2000 £000
Bank interest receivable	-	25

**5 Interest payable and similar charges**

	Year ended 31 December 2001 £000	8 months ended 31 December 2000 £000
Bank loans and overdraft	179	-
Group loans	255	-
Finance charges payable under finance leases and hire purchase contracts	108	-
	<hr/> 542	<hr/> -

## Notes (continued)

### 6 (Loss)/profit on ordinary activities before taxation

	Year ended 31 December 2001 £000	8 months ended 31 December 2000 £000
<i>(Loss)/profit on ordinary activities before taxation is stated</i>		
<i>After charging:</i>		
Auditors' remuneration:		
- audit fees	65	55
- other fees	-	-
Directors' emoluments, including pension contributions (note 6)	641	427
Depreciation:		
- owned assets	4,773	3,161
- leased assets	69	46
Hire and rental charges:		
- plant and vehicles	1,040	491
- property	707	1,099
Foreign exchange losses	-	15
Loss on disposal of tangible fixed assets	3,892	681
Amortisation of goodwill	415	-

### 7 Employees

The average number of employees, including directors, during the year, analysed by category, was as follows:

	Number of employees Year ended 31 December 2001	8 months ended 31 December 2000
Administrative	392	320
Sales and distribution	525	424
	<hr/> 917	<hr/> 744

Employee costs during the period amounted to:

	Year ended 31 December 2001 £000	8 months ended 31 December 2000 £000
Wages and salaries	21,930	10,126
Social security costs	1,625	782
Pension costs (note 21)	1,826	870
Redundancy costs	1,756	-
	<hr/> 27,137	<hr/> 11,778

## Notes (continued)

### 8 Directors' emoluments

	Year ended 31 December 2001 £000	8 months ended 31 December 2000 £000
<i>Emoluments:</i>		
Management services	541	361
Pension contributions	100	66
	<hr/> 641	<hr/> 427

The aggregate emoluments of the highest paid director were £220,600 (8 months ended 31 December 2000: £70,295). Four of the directors made gains on the exercise of share options during the period (8 months ended 31 December 2000: None).

### 9 Tax on profit on ordinary activities

	Year ended 31 December 2001 £000	8 months ended 31 December 2000 £000
Corporation tax at 30% (31 December 2000: 30%) on the (loss)/profit for the year/period on ordinary activities	649	1,414
Deferred taxation	(90)	(1,089)
	<hr/> 559	<hr/> 325
Adjustments in respect of prior years		
- current taxation	-	91
- deferred taxation	-	(91)
	<hr/> 599	<hr/> 325

## Notes (continued)

### 10 Intangible fixed assets

Intangible fixed assets comprise goodwill, as follows:

	<b>Goodwill £000</b>
<i>Cost</i>	
At beginning of year	-
Acquisitions	16,580
	<hr/>
At end of year	16,580
	<hr/>
<i>Amortisation</i>	
At beginning of year	-
Charged in the year	415
	<hr/>
At end of year	415
	<hr/>
<i>Net book value</i>	
At 31 December 2001	16,165
	<hr/>
At 31 December 2000	-
	<hr/>

On 2 July 2001 the company acquired the business and trading assets of Univar Limited, a fellow subsidiary, for consideration of £3.8m. On 1 September 2001 the company also acquired the trade and assets of G Fiske & Co Limited, another fellow subsidiary, for consideration of £2.3m.

	<b>Univar Limited Book and fair value £000</b>	<b>G Fiske &amp; Co Limited Book and fair value £000</b>	<b>Total Book and fair value £000</b>
Tangible fixed assets	7,809	159	7,968
Stock	10,641	1,278	11,919
Other current assets	23,886	4,497	28,383
	<hr/>	<hr/>	<hr/>
Total assets	42,336	5,934	48,270
Creditors	(55,116)	(3,665)	(58,781)
	<hr/>	<hr/>	<hr/>
Net (liabilities)/assets	(12,780)	2,269	(10,511)
Goodwill	16,580	-	16,580
	<hr/>	<hr/>	<hr/>
Consideration	3,800	2,269	6,069

## Notes (continued)

### 11 Tangible fixed assets

	Land and Buildings £000	Plant and Machinery £000	Total £000
<i>Cost or valuation</i>			
31 December 2000	6,902	31,692	38,594
Additions	2,853	4,930	7,783
Disposals	(2,087)	(6,147)	(8,234)
Transfers from group companies	6,230	7,715	13,945
	<hr/>	<hr/>	<hr/>
31 December 2001	13,898	38,190	52,088
	<hr/>	<hr/>	<hr/>
Cost	13,838	38,190	52,028
Professional valuation – 1987	60	-	60
	<hr/>	<hr/>	<hr/>
	13,898	38,190	52,088
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
31 December 2000	2,375	19,936	22,311
Charge for year	662	4,180	4,842
Disposals	(456)	(3,361)	(3,817)
Transfers from group companies	1,277	3,619	4,896
	<hr/>	<hr/>	<hr/>
31 December 2001	3,858	24,374	28,232
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
31 December 2001	10,040	13,816	23,856
	<hr/>	<hr/>	<hr/>
31 December 2000	4,527	11,756	16,283
	<hr/>	<hr/>	<hr/>



## Notes (continued)

### 11 Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	31 December 2001 £000	31 December 2000 £000
Freehold	14	14
Long leasehold	1,787	430
Short leasehold	8,239	4,083
	<hr/> 10,040 <hr/>	<hr/> 4,527 <hr/>

Valuations of land and buildings are on an existing use basis. There is no material difference between the reported net book value and the historical cost net book value of land and buildings.

Non depreciated land amounted to £1,117,000 (8 months ended 31 December 2000: £72,000).

### 12 Stocks

	31 December 2001 £000	31 December 2000 £000
Inventory held for resale	29,252	16,829
Containers and consumables	1,419	1,391
	<hr/> 30,671 <hr/>	<hr/> 18,220 <hr/>

### 13 Debtors

	31 December 2001 £000	31 December 2000 £000
<b>Amounts due within one year:</b>		
Trade debtors	52,616	35,889
Amounts owed by ultimate parent company	24	-
Amounts owed by fellow subsidiary undertakings	4,582	1,518
Other debtors	2,927	616
Prepayments and accrued income	578	531
	<hr/> 60,727 <hr/>	<hr/> 38,554 <hr/>
<b>Amounts due after one year:</b>		
Amounts owed by fellow group undertakings	7,193	3,193
	<hr/> 67,920 <hr/>	<hr/> 41,747 <hr/>

## Notes (continued)

### 14 Creditors: amounts falling due within one year

	31 December 2001		31 December 2000	
	£000	£000	£000	£000
Trade creditors		42,579		24,487
Amounts owed to ultimate parent company		-		14,458
Amounts owed to fellow subsidiary undertakings		21,419		1,513
Other creditors including taxation and social security:				
Corporation tax	2,604		4,112	
Other taxes and social security	1,071		865	
Taxation and social security	3,675		4,977	
Other creditors	4,801		308	
		8,476		5,285
Accruals and deferred income		5,028		2,376
Bank loans		2,167		-
		79,669		48,119

### 15 Creditors: amounts falling due after more than one year

	31 December 2001	31 December 2000
	£000	£000
Bank loans and overdrafts	-	1,934
Amounts owed to fellow group undertakings	47,651	3,728
	47,651	5,662

Bank loans and overdrafts are repayable within two to five years.

## Notes (continued)

### 16 Provisions for liabilities and charges

	Reorganisation costs £000	Environmental costs £000	Deferred taxation £000	Total £000
31 December 2000	2,180	865	362	3,407
Charged/(credited) to profit and loss account (note 3)	2,311	-	(90)	2,221
Expenditure during year (note 3)	(3,467)	-	-	(3,467)
Transfer from fellow subsidiary undertakings	-	-	84	84
<b>31 December 2001</b>	<b>1,024</b>	<b>865</b>	<b>356</b>	<b>2,245</b>

### 17 Share capital

	31 December 2001 £000	31 December 2000 £000
<i>Authorised, allotted, called up and fully paid</i>		
800,000 ordinary shares of £1 each	800	800

### 18 Post Balance Sheet Event

On 24 October 2002 the authorised share capital of E&E Limited was increased from 800,000 ordinary shares of £1 each to 25,000,000 ordinary shares of £1 each. On the same date Ellis & Everard (UK Holdings) Limited subscribed for all the additional shares at par, thus retaining its 100% shareholding.

## Notes (continued)

### 19 Profit and loss account

	£000
31 December 2000	18,716
Unrecovered loss for the financial year	(4,385)
	<hr/>
<b>31 December 2001</b>	<b>14,331</b>

The cumulative amount of goodwill arising on acquisitions that remains written off directly in profit and loss account reserves is £900,000 (8 months ended 31 December 2000: £900,000).

### 20 Reconciliation of movements in shareholders' funds

	Year ended 31 December 2001 £000	8 months ended 31 December 2000 £000
(Loss)/profit for the financial year/ period	(4,385)	214
	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds	(4,385)	214
Opening shareholders' funds	20,342	20,128
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>15,957</b>	<b>20,342</b>
	<hr/>	<hr/>

## Notes (continued)

### 21 Commitments

- (i) Capital commitments at the end of the financial year/ period for which no provision has been made:

	31 December 2001 £000	31 December 2000 £000
Contracted	1,082	2,933

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

	31 December 2001		31 December 2000	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
- within one year	10	9	-	36
- in the second to fifth years inclusive	44	1,332	199	716
- after five years	884	27	1,548	-
	<u>938</u>	<u>1,368</u>	<u>1,747</u>	<u>752</u>

Of the land and buildings commitment, £642,000 (8 months ended 31 December 2000: £380,000) is payable to a fellow group undertaking.

### 22 Pension schemes

#### *Ellis & Everard company Pension Scheme (1978)*

The company is a member of the Ellis & Everard Company Pension Scheme (1978) which is a defined benefit scheme, with a defined contribution section for those joining on or after 1 July 2002, and covers the majority of the employees of the company and of other UK companies in the Group. The total pension cost for the company in the year, and the preceding period, is shown in note 7. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The last valuation of the scheme was performed at 30 June 2000 using the 'projected unit' method. The major assumption is that investment returns will exceed remuneration increases by 2% per annum. The scheme held investments with a market value of £71.4m at 30 June 2000, and was funded to a level of approximately 110% of the accrued liabilities after allowing for future increases in earnings.

The company has taken advantage of the transitional arrangements of FRS 17: 'Retirement Benefits'. In addition as the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 the scheme will be accounted for when the accounting standard is fully adopted by the company as if the scheme was a defined contribution scheme.

There were no outstanding or prepaid contributions at 31 December 2001 and 31 December 2000.

## Notes (continued)

### 22 Pension schemes (continued)

#### *Univar Limited Pension and Life Assurance Scheme*

The Univar Limited Pension and Life Assurance Scheme was inherited during the year as a result of the acquisition of the trade and assets of Univar Limited.

The Scheme is a funded defined benefits scheme and was established on 1 April 1988. The assets of the scheme are held separately from those of the Company, being invested with Clerical Medical & General Life Assurance Society in their Managed Fund contract, with Morley Fund Management in their Mixed Stock Fund, with Friends Provident, and in the Trustees' bank account.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives. The contributions are determined by a qualified actuary, employed by Clerical Medical, on the basis of triennial valuations using the Projected Unit funding method.

The most recent valuation was at 1 July 2001, and the assumptions used which have the most significant effect on the results of the valuation were the investment return, assumed to be 8% per annum and the rate of salary increases, assumed to be 6% per annum (including promotional salary scale).

The valuation showed that the market value of the scheme's assets was £11,709,100 and that the actuarial value of these represented 82% of the benefits that had accrued to members, after allowing for expected future increases in earnings. It also showed a deficiency of £324,000 on a current funding level basis. Additional funding payments have been made with the objective of removing this deficit.

The pension cost for the year ended 31 December 2001 is £217,000(2000: £nil). This is the total of the contributions made by E&E Limited over the year.

No prepayment or provision is required at the year end (2000: £nil).

The valuation at 1 July 2001 has been updated by the actuary on an FRS 17 basis as at 31 December 2001. The major assumptions used in this valuation were:

Rate of increase in salaries 4% p.a.

Rate of increase in pensions in payment 2.5% p.a.

Discount rate 6% p.a.

Inflation assumption 2.5% p.a.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

## Notes (continued)

### 22 Pension schemes (continued)

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at year end £000	Expected rate of return % p.a.
Equities	9,230	7.5%
Bonds	439	6.0%
Property	299	7.5%
Gilts	636	5.0%
Other	504	5.0%
Present value of scheme liabilities	(13,800)	
Deficit in the scheme	(2,692)	
Related deferred tax asset	808	
Net pension liability	(1,884)	

#### *The Berk Group Pension Scheme*

The Berk Group Pension Scheme was inherited during the year as a result of the acquisition of the trade and assets of Univar Limited

The Scheme is a funded defined benefits scheme and the assets of the scheme are held separately from those of the company, being in a long term insurance policy with Prudential.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working. The contributions are determined by a qualified actuary, employed by Prudential, on the basis of triennial valuations using the Projected Unit funding method, with a 15 year control period.

The most recent valuation was at 1 July 2001 and the assumptions used which have the most significant effect on the results of the valuation were the investment return, assumed to be 7.5% per annum (6% after retirement), and the rate of salary increases, assumed to be 5% per annum.

The valuation showed that the surrender value of the scheme's assets was £5,951,000 and that the actuarial value of these represented 128% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The pension cost for the year ended 31 December 2001 is £nil (2000: £nil).

## Notes (continued)

### 22 Pension schemes (continued)

Since 1 January 1997, no new members were permitted to join the scheme.

The valuation at 1 July 2001 has been updated by the actuary on an FRS 17 basis as at 31 December 2001. The major assumptions used in this valuation were:

Rate of increase in salaries 4% p.a.

Rate of increase in pensions in payment 2.5% p.a.

Discount rate 6% p.a.

Inflation assumption 2.5% p.a.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at year end £000	Expected rate of return % p.a.
Cash accumulation policy	7,500	6.0
Present value of scheme liabilities	(7,100)	-
	<hr/>	<hr/>
Surplus in the scheme	400	
Related deferred tax liability	(120)	
	<hr/>	
Net pension asset	280	

### 23 Ultimate parent company and parent undertaking of larger group of which the company is a member

The ultimate parent company is Univar N.V., a Dutch registered company. The largest group in which the results of the company are consolidated is that headed by Univar N.V.

The immediate parent undertaking is Ellis & Everard (UK Holdings) Limited, which is registered in England and Wales.