

139876

Univar Limited

Report and Financial Statements

31 December 2011

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COMPANIES HOUSE

Univar Limited

Directors

W T Hill
A W Fisher
S Duyfjes

Secretary

Pinsent Masons Secretarial Limited
1 Park Row
Leeds
LS1 5AB

Auditors

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Registered Office

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

Registered No 00139876

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The profit for the year after taxation amounted to £7,003,000 (2010 – profit of £10,515,000) The directors do not recommend a final dividend (2010 – £nil)

Principal activity and review of the business

The company's principal activity during the year continued to be the sales, marketing and distribution of chemicals

The company's key financial indicators in the year were

	2011 £000	2010 £000	Change %
Turnover	265,235	257,607	3
Operating profit	10,174	14,138	(28)
Profit after tax	7,003	10,515	(33)
Net assets	62,305	55,302	13
Current assets as % current liabilities	268	281	(5)

Turnover on continuing activities increased by 3% over the year reflecting the current economic environment of 2011, this combined with higher costs in relation to pension and environment liabilities in particular resulted in a reduction of PBT by 33% year on year The underlying costs outside of these items remain in good control with headcount reducing by 3% year on year Net assets increased by 13% year on year largely due to a reduction in group undertaking

The taxation charge was £1,395,000 (2010 – £4,317,000) and a reconciliation of the actual tax charge to the standard rate of corporation tax is set out in note 9 to the financial statements

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 increasing pressure in the current climate 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 The company continues to utilise the facilities of the Univar Group to access a wide range of product sources Univar 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

Future developments

The directors believe the improvements made to date can be further developed, and continue to investigate all opportunities to grow the profitability of the business

Directors' report *(continued)*

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 in the Business Review on pages 2 to 3. 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

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

W T Hill

C Jeusse (resigned with effect from 19 April 2012)

A W Fisher

S Duyfjes (appointed with effect from 19 April 2012)

Directors' liabilities

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.

Political and charitable donations

During the year the company made no political donations and various charitable contributions totalling £1,175 (2010 – £4,093).

Employee involvement

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 that 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.

Management of the company is decentralised and a framework of human resource policies and an extensive communications network support this. 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 practices and customer service.

Independent trustees including employee and pensioner representatives administer the pension funds within the company. In the UK, contact with and between retired employees is maintained through a Pensioners' Consultative Committee that also administers a hardship relief fund.

Directors' report *(continued)*

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



S Duyfjes - Director

8 August 2012

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Univar Limited

We have audited the financial statements of Univar Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

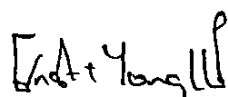
Independent auditors' report *(continued)*

to the members of Univar Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Alastair John Richard Nuttall (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)

Leeds
8 August 2012

Profit and loss account

for the year ended 31 December 2011

	<i>Notes</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Turnover	2	265,235	257,607
Cost of sales		(214,726)	(206,321)
Gross profit		50,509	51,286
Distribution costs		(4,027)	(3,378)
Administrative expenses		(36,308)	(33,770)
Operating profit	3	10,174	14,138
Gain on disposal of discontinued operations	6	-	2,426
Interest receivable and similar income	7	125	169
Interest payable and similar charges	8	(1,901)	(1,901)
Profit on ordinary activities before taxation		8,398	14,832
Tax	9	(1,395)	(4,317)
Profit for the financial year	19	7,003	10,515

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2011

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £7,003,000 in the year ended 31 December 2011 (2010 – profit of £10,515,000)

Balance sheet

at 31 December 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Intangible assets	10	8,842	9,670
Tangible assets	11	14,274	13,744
Investments	12	4,565	4,565
		<u>27,681</u>	<u>27,979</u>
Current assets			
Stocks	13	17,991	17,011
Debtors amounts falling due within one year	14	40,797	44,564
Debtors amounts falling due after more than one year	14	8,659	8,095
Cash at bank in hand		30,200	44,552
		<u>97,647</u>	<u>114,222</u>
Creditors: amounts falling due within one year	15	(36,384)	(40,658)
Net current assets		<u>61,263</u>	<u>73,564</u>
Total assets less current liabilities		88,944	101,543
Creditors: amounts falling due after more than one year	16	(22,917)	(44,169)
Provisions for liabilities	17	(3,722)	(2,072)
Net assets		<u>62,305</u>	<u>55,302</u>
Capital and reserves			
Called up share capital	18	25,000	25,000
Share premium account	19	826	826
Profit and loss account	19	36,479	29,476
Shareholders' funds	20	<u>62,305</u>	<u>55,302</u>

The financial statements of Univar Limited (registered number 00139876) were approved by the board of directors and authorised for issue on August 2012. They were signed on its behalf by


S Duyfjes
Director

8 August 2012

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

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 in the Business Review on pages 2 to 3. 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.

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 400 of the Companies Act 2006. These financial statements present information about the company as an individual undertaking and not about its group.

Statement of cash flows

Under FRS 1 (revised 1996) the company is exempt from the requirement to prepare a statement of cash flow on the grounds that it is a wholly owned subsidiary undertaking and group financial statements in which the company is included are publicly available.

Goodwill

Goodwill arising on acquisitions prior to 31 December 1997 was set off directly against reserves. Goodwill previously eliminated against reserves was not reinstated on implementation of FRS 10. Positive goodwill arising on acquisitions since 1 January 1998 is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Intangible fixed assets

Intangible assets are capitalised at cost and amortised on a straight-line basis over their useful economic lives, up to a presumed maximum of 20 years. Licences are amortised over 10 years. 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.

Notes to the financial statements

at 31 December 2011

1. Accounting policies (continued)

Tangible fixed assets

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	–	25 to 50 years
Leasehold properties	–	the unexpired period of the lease or such shorter period as is considered appropriate Where a property is leased from fellow group company the depreciation charge is determined by reference to the state of ownership of the particular property to the group
Plant and equipment	–	4 to 25 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

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

Stocks

Stocks are stated 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

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Notes to the financial statements

at 31 December 2011

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Leasing commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Pensions

The company participates in a multi-employer defined benefit and defined contribution plan, the Univar Company Pension Scheme (1978) ("the '78 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 in accordance with FRS17 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.

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 fixed asset or stock value of the containers to be returned.

Provision for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

2. Turnover

Turnover, which is stated net of value added tax, is wholly attributable to the company's continuing principal activity.

An analysis of turnover by geographical market is given below

	2011 £000	2010 £000
United Kingdom	244,222	238,733
Rest of Europe	8,128	7,916
Rest of World	12,885	10,958
	<u>265,235</u>	<u>257,607</u>

3. Operating profit

This is stated after charging/(crediting)

2011 2010

Notes to the financial statements

at 31 December 2011

	£000	£000
Auditors' remuneration – audit fees	86	100
Write-back of over-statement of loss on group transfer in prior years	(1,586)	–
Depreciation of assets	2,122	1,828
Amortisation of goodwill	869	625
Amortisation of licences	39	53
Operating lease rentals – plant and machinery	1,821	1,785
– land and buildings	1,164	843
(Gain) / loss on disposal of tangible fixed assets	(45)	113
Foreign exchange (gain) / loss	(244)	107

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 (2010 – 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 £173,000 (2010 – £192,000) in relation to qualifying services as directors of this company, all of which was paid by Univar Inc and Univar Benelux SA.

Notes to the financial statements

at 31 December 2011

5. Staff costs

	2011 £000	2010 £000
Wages and salaries	16,509	16,694
Social security costs	1,638	1,486
Defined benefit pension costs	7,434	6,744
Defined contribution pension costs	1,677	562
Redundancy costs	90	220
	<u>27,348</u>	<u>25,706</u>

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

	No	No
Administrative	71	129
Sales and distribution	526	485
	<u>597</u>	<u>614</u>

6. Gain on disposal of discontinued operations

On 1 January 2010 Univar Europe Limited, a fellow group company, acquired the business and assets of the RW Greeff division from the company in return for the issue of share capital of £4,564,910. On the same day Univar Europe Limited sold the business and assets of the RW Greeff division to Univar Specialty Consumables Limited, a fellow group company, in return for share capital of £4,564,910 in that company.

7. Interest receivable and similar income

	2011 £000	2010 £000
Bank interest	125	6
Other interest	–	163
	<u>125</u>	<u>169</u>

8. Interest payable and similar charges

	2011 £000	2010 £000
Group interest payable	1,901	1,901
Bank interest paid	–	–
	<u>1,901</u>	<u>1,901</u>

Notes to the financial statements

at 31 December 2011

9. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2011 £000	2010 £000
Current tax		
UK corporation tax on the profit for the year	2,663	2,536
Adjustments in respect of prior years	(704)	1,313
Total current tax (note 9(b))	1,959	3,849
Deferred tax		
Origination and reversal of timing differences	(857)	799
Change in tax rate	232	–
Adjustments in respect of prior years	61	(331)
Total deferred tax	(564)	468
Tax on profit on ordinary activities	1,395	4,317

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010 – 28%). The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	8,398	14,832
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	2,225	4,153
Effects of		
Expenses not deductible for tax purposes	380	227
Income not deductible for tax purposes (note 3)	(420)	–
UK transfer pricing adjustments	(378)	–
Income not taxable for tax purposes	–	(767)
Depreciation in excess of capital allowances	392	(975)
Adjustments in respect of prior years	(704)	1,313
Short term timing differences	464	(102)
Total current tax (note 9(a))	1,959	3,849

Notes to the financial statements

at 31 December 2011

9. Tax (continued)

(c) Deferred tax

The elements of deferred taxation are as follows

	2011 £000	2010 £000
Difference between accumulated depreciation and amortisation and capital allowances	(2,166)	(3,752)
Derecognised asset	-	1,720
Timing differences	(865)	(435)
Deferred tax asset (note 15)	<u>(3,031)</u>	<u>(2,467)</u>

The movements in deferred taxation during the current year are as follows

	£000
At 1 January 2011	(2,467)
Deferred tax charge in profit and loss account (note 9)	(564)
At 31 December 2011	<u>(3,031)</u>

A deferred tax asset totalling £20,000 (2010 – £21,000) in respect of capital losses has not been recognised due to uncertainty over the future utilisation

(d) Factors affecting future tax

The Finance Act 2011 received Royal Assent on 19 July 2011 and enacted a reduction in the main rate of corporation tax to 25% with effect from 1 April 2012. Deferred tax has therefore been provided at 25%.

On 21 March 2012, it was announced in the 2012 Budget that the main rate of corporation tax effective from 1 April 2012 will be 24%. It is also currently expected that further reductions of 1% per annum will result in a decrease in the main rate of corporation tax to 22% from 1 April 2014.

If these above changes had been substantially enacted at the balance sheet date, the deferred tax asset would have been reduced by approximately £364,000. The maximum increase in the deferred tax expense for the year ended 31 December 2011 would have been £364,000.

The aggregate impact of the proposed reductions from 25% to 22% would reduce the unprovided deferred tax asset/liability by approximately £2,000.

Notes to the financial statements

at 31 December 2011

10. Intangible fixed assets

	<i>Goodwill</i> £000	<i>Licences</i> £000	<i>Total</i> £000
Cost			
At 1 January 2011	17,371	436	17,807
Additions	–	80	80
At 31 December 2011	17,371	516	17,887
Amortisation			
At 1 January 2011	7,945	192	8,137
Charge for the year	869	39	908
At 31 December 2011	8,814	231	9,045
Net book value			
At 31 December 2011	8,557	285	8,842
At 1 January 2011	9,426	244	9,670

The licences allow Univar Limited to manufacture and distribute Trientine Dihydrochloride and are being written off on a straight line basis over their useful economic lives of 10 years

11. Tangible fixed assets

	<i>Buildings</i> £000	<i>Plant and equipment</i> £000	<i>Total</i> £000
Cost			
At 1 January 2011	14,259	38,399	52,658
Reclassification	(613)	613	–
Transfers from stock	–	507	507
Additions	254	1,911	2,165
Disposals	(109)	(1,176)	(1,285)
At 31 December 2011	13,791	40,254	54,045
Depreciation			
At 1 January 2011	7,198	31,716	38,914
Charge for the year	512	1,610	2,122
Disposals	(106)	(1,159)	(1,265)
At 31 December 2011	7,604	32,167	39,771
Net book value			
At 31 December 2011	6,187	8,087	14,274
At 1 January 2011	7,061	6,683	13,744

Notes to the financial statements

at 31 December 2011

11. Tangible fixed assets (continued)

The net book values of buildings comprises

	2011 £000	2010 £000
Freehold	4,696	5,420
Long leasehold	798	864
Short leasehold	693	777
	<u>6,187</u>	<u>7,061</u>

12. Investments

	<i>Shares in subsidiary undertakings £000</i>
Cost	
At 1 January 2011 and 31 December 2011	<u>4,565</u>

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 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

13. Stocks

	2011 £000	2010 £000
Inventory held for resale	17,860	16,435
Containers and consumables	131	576
	<u>17,991</u>	<u>17,011</u>

On 1 January 2011, £507,000 of containers were transferred from stock to fixed assets

Notes to the financial statements

at 31 December 2011

14. Debtors

<i>Amounts due within one year</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	38,940	42,914
Amounts owed by fellow group undertakings	891	692
Other debtors	79	182
Prepayments and accrued income	887	776
	<u>40,797</u>	<u>44,564</u>
<i>Amounts due after one year</i>		
Amounts owed by fellow group undertakings	5,628	5,628
Deferred tax (note 9(c))	3,031	2,467
	<u>8,659</u>	<u>8,095</u>
	<u>49,456</u>	<u>52,659</u>

15. Creditors: amounts falling due within one year

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Bank overdraft	6,303	—
Trade creditors	20,277	21,942
Amounts owed to fellow group undertakings	3,162	9,781
Other taxes and social security costs	2,622	3,234
Other creditors	2,550	1,968
Accruals and deferred income	1,470	3,733
	<u>36,384</u>	<u>40,658</u>

The bank overdraft is secured against the group's cash balances as the company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

16. Creditors: amounts falling due after more than one year

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Amounts owed to fellow group undertakings	21,157	42,286
Accruals and deferred income	1,760	1,883
	<u>22,917</u>	<u>44,169</u>

Notes to the financial statements

at 31 December 2011

17. Provisions for liabilities

	<i>Environmental cost £000</i>	<i>Reorganisation costs £000</i>	<i>Total £000</i>
At 1 January 2011	1,561	511	2,072
Expenditure during the year	(345)	(307)	(652)
Increase in provision	1,964	358	2,322
Release of provision	(20)	–	(20)
At 31 December 2011	<u>3,160</u>	<u>562</u>	<u>3,722</u>

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 are the closure of the company's Grimsby and Basildon sites and the ongoing costs in relation to the, now unused, Bradford head office. The increase in the provision relates to rental payments at these three locations.

18. Issued share capital

	<i>No</i>	<i>2011 £000</i>	<i>No</i>	<i>2010 £000</i>
<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>

19. Movements on reserves

	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 1 January 2010	25,000	826	18,961	44,787
Profit for the year	–	–	10,515	10,515
At 1 January 2011	<u>25,000</u>	<u>826</u>	<u>29,476</u>	<u>55,302</u>
Profit for the year	–	–	7,003	7,003
At 31 December 2011	<u>25,000</u>	<u>826</u>	<u>36,479</u>	<u>62,305</u>

Notes to the financial statements

at 31 December 2011

20. Reconciliation of shareholders' funds

	2011 £000	2010 £000
Opening shareholders' funds	55,302	44,787
Profit for the year	7,003	10,515
Closing shareholders' funds	<u>62,305</u>	<u>55,302</u>

21. Capital commitments

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

	2011 £000	2010 £000
Contracted	<u>31</u>	<u>274</u>

22. Pensions

The company is a member of the Univar Company Pension Scheme (1978) ("the '78 Scheme"). The '78 Scheme is a multi-employer defined benefit and defined contribution plan. This plan operates on a basis which means that it is unable to identify individual group companies' share of the underlying assets and liabilities on a consistent and reasonable basis and so, in accordance with FRS17, the company accounts for its contributions to this scheme as if it were only a defined contribution plan. The details of the deficit for the '78 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 FRS 17 do not affect these funding requirements.

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.

Notes to the financial statements

at 31 December 2011

22. Pensions (continued)

The key financial assumptions, actuarial method and results of these valuations at 31 December 2011 and 31 December 2010 are set out below

		'78 Scheme 2011	'78 Scheme 2010
	£m		
		Projected Unit	Projected Unit
Actuarial method used			
Market value of assets		139.6	119.8
Level of funding*	%	84	70
Main assumptions:			
Discount rate	%	4.95	5.50
Wages and salaries increases p a	%	n/a	n/a
Return on assets	%	6.25	6.32
RPI inflation p a	%	2.90	3.50
CPI inflation p a	%	2.00	2.80
Average life expectancy:			
Current female pensioners		23.8	23.8
Current male pensioners		21.2	21.2
Future female pensioners		25.7	25.7
Future male pensioners		23.1	23.1

*The level of funding is the value of assets expressed as a percentage of the actuarial value of the accrued benefits after allowing for expected future increases in pay and pension

Pension increases have been allowed for as appropriate under the scheme rules. Pension increases on benefits from service before April 1997 for the '78 Scheme are discretionary. No advance allowance for future discretionary increases has been made in the FRS17 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 group has paid deficit contributions of £7,915,000 during the year ending 31 December 2011 (2010: £4,847,000).

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 2011

22. 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 schemes are subject to minimum rates imposed by the MFR legislation

The latest formal valuation of the Scheme was as at 30 June 2009. The liabilities for the Scheme have been calculated based on the individual membership data at 30 June 2009, and rolled forward to 31 December 2011, taking account of benefits accruals and payments since the valuation date.

	2011 £000	2010 £000
Total market value of assets	139,581	119,816
Present value of the scheme's liabilities	(165,607)	(170,223)
Deficit in the scheme	(26,026)	(50,407)
Deferred tax asset	6,507	13,610
Net pension liability	(19,519)	(36,797)

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 2011, this approach suggested an assumption of 6.25% pa (2010: 6.32%).

An analysis of the defined benefit cost for the years ended 31 December 2011 and 31 December 2010 are as follows:

	2011 £000	2010 £000
Service cost	–	2,944
Gain on curtailments	–	(4,632)
Total operating charge	–	(1,688)
Expected return on pension scheme assets	(7,526)	(7,174)
Interest on pension liabilities	9,181	9,354
Net charge to other finance income	1,655	2,180
Total profit and loss charge before deduction for tax	1,655	492

Notes to the financial statements

at 31 December 2011

22. Pensions (continued)

Analysis of movement in scheme's assets and liabilities for years ended 31 December 2011 and 31 December 2010 are as follows

	2011 £000	2010 £000
Actual gain on scheme assets	16,814	11,328
Expected return on scheme assets	(7,526)	(7,174)
Loss on changes of assumptions	8,832	(386)
Total actuarial gain	<u>18,120</u>	<u>3,768</u>

Analysis of movement in scheme liabilities during the year

	2011 £000	2010 £000
Scheme liabilities at 1 January	170,223	168,500
Movement in year		
Service cost	-	2,944
Interest cost	9,181	9,354
Curtailment cost	-	(4,632)
Contributions paid by the employee	-	39
Benefits paid	(4,965)	(6,368)
Actuarial gain	(8,832)	386
Scheme liabilities at 31 December	<u>165,607</u>	<u>170,223</u>

Analysis of movement in scheme assets during the year

	2011 £000	2010 £000
Scheme assets at 1 January	119,816	108,000
Movement in year		
Expected return on scheme assets	7,526	7,174
Contributions paid by the company	7,916	6,817
Contributions paid by the employee	-	39
Benefits paid	(4,965)	(6,368)
Actuarial gain	9,288	4,154
Scheme assets at 31 December	<u>139,581</u>	<u>119,816</u>

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at 31 December 2011

22. Pensions (continued)

History of assets, liabilities, deficit and experience gains and losses in the years ended 31 December 2011, 31 December 2010, 31 December 2009, 31 December 2008 and 31 December 2007

	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Scheme assets	139,581	119,816	108,000	88,266	92,290
Scheme liabilities	(165,607)	(170,223)	(168,500)	(160,753)	(120,130)
Scheme deficit	(26,026)	(50,407)	(60,500)	(72,487)	(27,840)
Gain / (loss) on scheme assets	9,288	4,154	10,786	(34,875)	(6,954)

23. Other financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Operating leases which expire				
Within one year	–	794	–	375
In two to five years	243	1,055	236	1,088
Over five years	776	290	999	63
	<u>1,019</u>	<u>2,139</u>	<u>1,235</u>	<u>1,526</u>

Of the land and buildings commitment £921,000 (2010 – £1,136,000) is payable to a fellow group undertaking

24. Derivatives

The company purchases forward currency contracts to hedge currency exposure on firm future commitments. The fair values of the derivatives held at the balance sheet date, determined by reference to their market values, are as follows

	2011	2010
	£000	£000
Forward foreign currency contract (liabilities) / assets	<u>(134)</u>	<u>30</u>

25. Related party transactions

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

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at 31 December 2011

26. Ultimate parent undertaking and controlling party

Univar Inc is the ultimate parent undertaking

Group financial statements, incorporating Univar Specialty Consumables Limited, for year ending 31 December 2011 were drawn up by Univar Inc, a company incorporated in the USA. Financial statements are publicly available from 333 17425 NE Union Hill Road, Redmond, WA 98052, USA

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