135876.

Univar Limited

Report and Financial Statements

31 December 2009

Directors
P D Heinz
W T Hill
C Jeusse

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

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2009

Results and dividends

The results for the year are set out in the profit and loss account on page 8 No dividends were paid or proposed in the year

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 past year has seen a continuation of the need to expand sourcing strategies beyond the historic territories into Far East lower cost manufacturers Improvements in quality have meant the markets available for these products have also expanded The longer lead times and greater volumes necessary to maintain economic cost of supply have brought their own challenges however the financial strength and stability of the group has allowed Univar to exploit these opportunities

The company's key financial indicators in the period were

	2009 *£000*	*2008* *£000*	*Change* *%*
Turnover	253,039	311,192	(19)
Operating profit	6,309	8,182	(23)
Profit after tax	2,502	3,755	(33)
Net assets	44 787	42,285	6
Current assets as % current liabilities	250	208	20

Turnover declined in 2009 by 19% as many markets felt the impact of the Global recession and tightening of the financial markets in the economy, in particular sales to the Construction & Automotive sectors On the back of this strong margin management was key to minimise the impact of this sales reduction and this was achieved resulting in a much smaller (less than 1%) decline in Gross profit after distribution costs Synergies were realised in 2009 as the company exited the London site in addition to the Basildon site, these plans contributed significantly to the reduction in headcount by 9 6% from 2008 as the company addressed the cost base to be in reflection of the trading environment Administration costs did increase overall but this was largely due to increased Defined Benefit pension costs Further exceptional costs were also taken in 2009 in relation to the Glasgow and Cardiff site

The taxation charge was £1,871,000 (2008 - £2,531,000) and a reconciliation of the actual tax charge to the standard rate of corporation tax is set out in note 8 to the financial statements

Net current assets improved by 14% through improved working capital and cash control

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

Directors' report

Principal activity and review of the business (continued)

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

On 1 January 2010 Univar Europe Ltd, 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 On the same day Univar Europe Ltd sold the business and assets of the RW Greeff division to Univar Specialty Consumables Limited a fellow group company, in return for shares in that company

Directors

The directors who served the company during the year, and thereafter, were as follows

P D Heinz
W T Hill
C Jeusse (appointed 21 August 2009)
B J McNamara (resigned 14 April 2009)
T R Taylor (appointed 14 April 2009, resigned 21 August 2009)

N Simpson resigned as company secretary on 4 August 2009 and was replaced on the same day by D L Rothwell D L Rothwell was replaced as company secretary on 4 June 2010 by Pinsent Masons Secretarial Limited

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' qualifying third party indemnity provisions

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

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, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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 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

Directors' report

Employee involvement and employment policies (continued)

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

Political and charitable donations

During the year the company made no political donations and various charitable contributions totalling £4,334 (2008 – £5,617)

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

C Jeusse – Director

19 October 2010

Statement of directors' responsibilities in respect of the financial statements

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 judgements 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 2009 which comprise the Profit and Loss Account, the statement of Total Recognised Gains and Losses the Balance Sheet and the related notes 1 to 24 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 auditors

As explained more fully in the Directors' Responsibilities Statement 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

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

Opinion on 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 2009 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

Independent auditors' report

to the members of Univar Limited

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

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

Ernst & Young LLP

A Nuttall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
21 October 2010

Profit and loss account

for the year ended 31 December 2009

	Notes	*2009 Continuing £000*	*2009 Discontinued £000*	*2009 Total £000*	*2008 Continuing £000*	*2008 Discontinued £000*	*2008 Total £000*
Turnover	2	232,367	20,672	253,039	280 285	30,907	311,192
Cost of sales		(184,270)	(15,920)	(200,190)	(232,544)	(24,617)	(257,161)
Gross profit		48,097	4,752	52,849	47,741	6,290	54,031
Distribution costs		(3,826)	(499)	(4,325)	(4,548)	(557)	(5,105)
Administrative expenses							
– ordinary		(35,871)	(5,675)	(41,546)	(35,038)	(4,999)	(40,037)
– exceptional	3	(669)	-	(669)	-	(707)	(707)
Operating profit	4	7,731	(1,422)	6,309	8,155	27	8 182
Interest payable and similar charges	7			(1,936)			(1,906)
Net pension scheme finance costs				-			10
Profit on ordinary activities before taxation				4,373			6,286
Tax on profit on ordinary activities	8			(1,871)			(2,531)
Profit for the financial year	18			2,502			3,755

Statement of total recognised gains and losses

for the year ended 31 December 2009

	2009 £000	2008 £000
Profit for the financial year	2,502	3,755
Gain on derecognition of gross pension deficit	-	3 552
Loss on derecognition of deferred tax asset on pension deficit	-	(994)
Actuarial gains in respect of defined benefit pension schemes	-	275
Tax on actuarial gains in respect of defined benefit pension schemes	-	(77)
Total recognised gains and losses relating to the year	2 502	6,511

Balance sheet
at 31 December 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Intangible assets	9	10,999	11,909
Tangible assets	10	14,168	15,194
		25,167	27,103
Current assets			
Stocks	11	18,975	23,090
Debtors amounts falling due within one year	12	41,841	48,897
Debtors amounts falling due after one year	12	6,051	7,351
Cash at bank in hand		35,551	22,663
		102,418	102,001
Creditors: amounts falling due within one year	13	(41,921)	(49,112)
Net current assets		60,497	52,889
Total assets less current liabilities		85,664	79,992
Creditors amounts falling due after more than one year	14	(37,882)	(35,663)
Provisions for liabilities	15	(2,995)	(2,044)
Net assets		44,787	42,285
Capital and reserves			
Called up share capital	17	25,000	25,000
Share premium account	18	826	826
Profit and loss account	18	18,961	16,459
	18	44,787	42,285

The financial statements on pages 8 to 24 were approved for issue by the board of directors and were signed on its behalf by

C Jeusse - Director

19 October 2010

Notes to the financial statements

at 31 December 2009

1. Accounting policies

Basis of preparation

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

Statement of cash flows

Under Financial Reporting Standard No 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 consolidated financial statements in which the company is included are publicly available

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 accounts

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 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

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

Notes to the financial statements

at 31 December 2009

1. Accounting policies (continued)

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 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

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

Leasing and hire purchase 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

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

Notes to the financial statements

at 31 December 2009

1. Accounting policies (continued)

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

Provision for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past even 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

The company recognises sales when all of the following conditions have been satisfied

- the significant risks and rewards of ownership of the goods have been transferred to the buyer,
- the company retains neither continuing managerial involvement nor effective control over the goods sold,
- the amount of revenue can be measured reliably,
- it is probable the economic benefits associated with the transaction will flow to the company, and
- the costs incurred or to be incurred with respect to the transaction can be measured reliably

An analysis of turnover by geographical market is given below

	2009 Continuing £000	*2009 Discontinued £000*	*2009 Total £000*	*2008 Continuing £000*	*2008 Discontinued £000*	*2008 Total £000*
United Kingdom	217,209	20,011	237,220	265,802	30 294	296,096
Rest of Europe	6,238	643	6,881	6,034	567	6,601
Rest of World	8,920	18	8,938	8,449	46	8,495
	232,367	20,672	253,039	280 285	30,907	311,192

3. Administrative expenses - exceptional

	2009 £000	*2008 £000*
Environmental costs	669	707
	669	707

The environmental costs relate to remediation work at the company's Cardiff and Glasgow sites

4 Operating profit

This is stated after charging/(crediting)

	2009 £000	*2008 £000*
Depreciation of owned assets	2 032	2 225
Amortisation of goodwill	903	904
Amortisation of licences	54	54

Notes to the financial statements

at 31 December 2009

Operating lease rentals – plant and machinery	2.104	1,934
– land and buildings	1 285	1,810
Gain on disposal of tangible fixed assets	(20)	(135)
Foreign exchange losses/(gains)	128	(68)
Auditors' remuneration – audit fees	144	126

5. Directors' emoluments

	2009	*2008*
	£000	*£000*
Emoluments	-	73
Aggregate amount receivable under long term incentive plans	-	-
Number of directors who received shares in respect of qualifying services	-	-
Number of directors who exercised share options	-	-

None of the directors receive any remuneration in respect of their roles as directors and all their costs are borne by Univar Inc The number of directors accruing benefits under defined benefit schemes was nil (2008 - 1) No directors accrued benefits under money purchase schemes

6. Staff costs

	2009	*2008*
	£000	*£000*
Wages and salaries	18,390	22,514
Social security costs	1,672	1,900
Defined benefit pension costs	7,598	5.540
Defined contribution pension costs	502	465
Redundancy costs	392	380
	28,554	30 799

The average number of monthly employees, including directors, during the year was as follows

	2009	*2008*
	No	*No*
Administrative	182	264
Sales and distribution	548	544
	730	808

7. Interest payable and similar charges

	2009	*2008*
	£000	*£000*
Group interest payable	1900	1,906
Bank interest paid	36	–
	1,936	1,906

Notes to the financial statements

at 31 December 2009

8. Tax

(a) Tax on profit on ordinary activities

The tax (credit)/charge is made up as follows

	2009	*2008*
	£000	*£000*
Current tax		
UK Corporation tax	484	2,764
Adjustments in respect of prior periods	84	(728)
Total current tax (note 8(b))	568	2 036
Deferred tax		
Origination and reversal of timing differences	1 379	(700)
Pension liability	-	134
Recognition of unrecognised deferred tax asset	(76)	2 285
Adjustments in respect of prior periods	-	(1,224)
Total deferred tax	1,303	495
Tax on profit on ordinary activities	1 871	2,531

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2008 higher) than the standard rate of corporation tax in the UK of 28% (2008 - 28 5%) The differences are reconciled below

	2009	*2008*
	£000	*£000*
Profit on ordinary activities before tax	4,373	6,286
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 28% (2008 – 28 5%)	1 224	1,792
Expenses not deductible for tax purposes	306	218
Depreciation in excess of capital allowances	(1,233)	541
Adjustments in respect of prior periods	84	(728)
Short term timing differences	187	213
Total current tax (note 8(a))	568	2,036

(c) Factors affecting future charges

On 22 June 2010, the UK government announced proposals to reduce the main rate of corporation tax from 28% to 24% over 4 years with effect from 1 April 2011 As of 31 December 2009, the tax rate change was not substantially enacted In addition changes to the capital allowances regime were proposed including a reduction in the rate of capital allowances on plant and machinery additions from 20% to 18% with effect from 1 April 2012 As of 31 December 2009, this proposal was not substantially enacted If these changes had been substantially enacted, the maximum reduction on the total deferred tax asset would be £739,000

Notes to the financial statements

at 31 December 2009

9. Intangible fixed assets

	Goodwill	*Licences*	*Total*
	£000	*£000*	*£000*
Cost			
At 31 December 2008	18,065	373	18 438
Additions	–	47	47
At 1 January 2009	18,065	420	18 485
Amortisation			
At 31 December 2008	6,444	85	6,529
Charge for the year	903	54	957
At 1 January 2009	7,347	139	7,486
Net book value			
At 31 December 2009	10,718	281	10,999
At 31 December 2008	11,621	288	11,909

The goodwill on all acquisitions is being written off over its estimated useful economic life of 20 years

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

10. Tangible fixed assets

		Plant and	
	Buildings	*equipment*	*Total*
	£000	*£000*	*£000*
Cost			
At 1 January 2009	13,399	41,257	54,656
Additions	771	727	1,498
Disposals	-	(2,115)	(2,115)
At 31 December 2009	14,170	39,869	54,039
Depreciation			
At 1 January 2009	7 003	32 459	39,462
Charge for the year	535	1 525	2,032
Disposals	-	(1,651)	(1,651)
At 31 December 2009	7 538	32 333	39,843
Net book value			
At 31 December 2009	6,632	7,536	14,168
At 31 December 2008	6,396	8,798	15,194

Notes to the financial statements

at 31 December 2009

10. Tangible fixed assets (continued)

The net book values of buildings comprises

	2009	*2008*
	£000	*£000*
Freehold	14	14
Long leasehold	1,247	1,247
Short leasehold	5,135	5,135
	6,396	6,396

11. Stocks

	2009	*2008*
	£000	*£000*
Inventory held for resale	18 528	22,192
Containers and consumables	447	898
	18,975	23 090

12. Debtors

	2009	*2008*
	£000	*£000*
Amounts due within one year		
Trade debtors	39,670	45,722
Amounts owed by fellow group undertakings	639	1,055
Other debtors	434	494
Prepayments and accrued income	1,098	1,626
	41,841	48,897
Amounts due after one year		
Amounts owed by fellow group undertakings	3,085	3 082
Deferred tax (note 16)	2,966	4,269
	6,051	7,351
	47,892	56,248

Notes to the financial statements

at 31 December 2009

13. Creditors: amounts falling due within one year

	2009	*2008*
	£000	*£000*
Bank overdraft	1 643	7,444
Trade creditors	23,548	23,140
Amounts owed to fellow group undertakings	9,682	10,912
Other taxes and social security	1,309	1,908
Other creditors	2,032	1,655
Accruals and deferred income	3 707	4,053
	41,921	49,112

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

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

	2009	*2008*
	£000	*£000*
Amounts owed to fellow group undertakings	35,876	33,535
Accruals and deferred income	2,006	2,128
	37,882	35 663

15. Provisions for liabilities

	Environmental cost	*Reorganisation costs*	*Total*
	£000	*£000*	*£000*
At 1 January 2009	1,572	472	2,044
Expenditure during the year	(341)	(941)	(1,726)
Increase in provision	944	1,410	2,952
Release of provision	(275)	154	(275)
At 31 December 2009	1,900	1,095	2,995

The environmental provisions relate to the costs of reducing the impact on the environment at certain sites The requirement to clean the sites would be driven by the local enforcement authorities and could happen at any time The provision necessary was calculated by professional environmental consultants in 1997 and its adequacy has since been reviewed on a regular basis by local management An additional provision of £944,000 has been put in place during the year for remediation work at the company's Cardiff and Glasgow sites and in addition there has been a release of £275 000 of the environment provision for the Exeter site which is no longer required

The reorganisation costs relate to various restructuring projects that are currently ongoing throughout the business These include the closure of the company's Grimsby, London and Basildon sites

Notes to the financial statements

at 31 December 2009

16. Deferred taxation

The elements of deferred taxation are as follows

	2009	*2008*
	£000	*£000*
Difference between accumulated depreciation and amortisation and capital allowances	(4,755)	(6,322)
Derecognised asset	2,209	2,285
Timing differences	(420)	(232)
Deferred tax asset (note 12)	(2,966)	(4 269)

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

	£000
At 1 January 2009	(4,269)
Deferred tax charge in profit and loss account (note 8)	1 379
Recognition of unrecognised deferred tax asset	(76)
At 31 December 2009	(2,966)

17. Issued share capital

	2009	*2008*
Allotted, called up and fully paid	*£000*	*£000*
Ordinary shares of £1 each	25,000	25,000

18. Reserves

	Share capital £000	*Share premium £000*	*Profit and loss account £000*	*Total share-holders' funds £000*
At 1 January 2009	25,000	826	16,459	42 285
Profit for the year	-	-	2,502	2 502
At 31 December 2009	25,000	826	18,961	44 787

Notes to the financial statements

at 31 December 2009

19. Reconciliation of movement in shareholders' funds and movement on reserves

	2009	2008
	£000	*£000*
Opening shareholders' funds	42,285	35,774
Profit for the year	2 502	3,755
Gain on derecognition of gross pension deficit	-	3,552
Loss on derecognition of deferred tax asset on pension deficit	-	(994)
Actuarial gains in respect of defined benefit pension schemes	-	275
Tax on actuarial gains in respect of defined benefit pension schemes	-	(77)
Closing shareholders' funds	44 787	42,285

20. Commitments

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

	2009	2008
	£000	*£000*
Contracted	575	389

(b) Annual commitment under non-cancellable operating leases is as follows

	2009	2008
Land and buildings	*£000*	*£000*
Leases expiring		
Within one year	19	-
Within two to five years	403	422
Thereafter	678	841
	1 100	1,263
Other operating leases		
Leases expiring		
Within one year	661	570
Within two to five years	1,270	1,504
Thereafter	62	13
	1,993	2 087

Of the land and buildings commitment £1,001,000 (2008 - £1 164,000) is payable to a fellow group undertaking

Notes to the financial statements

at 31 December 2009

21. 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 key financial assumptions, actuarial method and results of these valuations at 31 December 2009 and 31 December 2008 are set out below

		'78 Scheme 2009	*'78 Scheme 2008*
Actuarial method used		Projected Unit	Projected Unit
Market value of assets	£m	108 0	88 3
Level of funding*	%	64	55
Main assumptions			
Discount rate	%	5 70	6 00
Wages and salaries increases p a	%	4 95	4 95
Return on assets Equities	%	7 70	8 00
Return on assets Bonds/Gilts/Cash	%	4 70	6 10
Price inflation p a	%	3 60	3 60
Average life expectancy			
Current female pensioners		23 8	23 3
Current male pensioners		21 2	20 3
Future female pensioners		25 7	24 2
Future male pensioners		23 1	21 2

* 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

Deferred pensions are revalued to retirement age in line with the Scheme's rules and statutory requirements The assumed rate of real earnings growth has been estimated by the company to be 1 35% per annum and this, when combined with the assumed rate of inflation, leads to an assumption for earnings growth of 4 95%

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

There were no outstanding or prepaid contributions at 31 December 2009 and 31 December 2008

Notes to the financial statements

at 31 December 2009

21. Pensions (continued)

Employer contributions:

For the Defined Benefit section Company contributions are 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, payments of £344,381 per month to 30 June 2009 followed by payments of £354,712 per month thereafter The level of monthly contributions to be paid in will rise by 3% per annum on 1 July each year

For the Defined Contribution section

- 20% of pensionable salaries for non-contributory Senior Staff
- 15% of pensionable salaries for contributory Senior Staff
- 7% of pensionable salaries for other members

The expected employer contributions for the year ending 31 December 2010 are £6,525,000

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
- 5% of pensionable salaries for Contributory Senior Staff and other members

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

The expected employee contributions for the year ending 31 December 2010 are £50,000

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

	2009	*2008*
	£000	*£000*
Total market value of assets	108,000	88,266
Present value of the scheme s liabilities	(168 500)	(160,753)
Deficit in the scheme	(60,500)	(72,487)
Deferred tax asset	16,940	20,296
Net pension liability	(43,560)	(52,191)

Notes to the financial statements

at 31 December 2009

21. Pensions (continued)

The assets of the scheme and the expected rates of return at 31 December 2009 and 31 December 2008 were

		2009		*2008*
	Expected rate of return		*Expected rate of return*	
	%	*£000*	*%*	*£000*
Equities	7 70	66,077	8 00	51,018
Bonds/Gilts/Cash	4 70	41,923	6 10	37 248
		108,000		88,266

An analysis of the defined benefit cost for the years ended 31 December 2009 and 31 December 2008 are as follows

	2009	*2008*
	£000	*£000*
Service cost	2,816	2,992
Past service cost	218	641
Gain on curtailments	(842)	-
Total operating charge	2,192	3,633
Expected return on pension scheme assets	(6 410)	(7 883)
Interest on pension liabilities	9,595	8 240
Net charge to other finance income	3,185	357
Total profit and loss charge before deduction for tax	5,377	3,990

Analysis of movement in scheme's assets and liabilities for years ended 31 December 2009 and 31 December 2008 are as follows

	2009	*2008*
	£000	*£000*
Actual gain/(loss) on scheme assets	17,196	(26,992)
Expected return on scheme assets	(6 410)	(7,883)
Loss on changes of assumptions	(497)	(9,504)
Total actuarial gain/(loss)	10 289	(44,379)

Notes to the financial statements

at 31 December 2009

21. Pensions (continued)

Analysis of movement in scheme liabilities during the year

	2009	*2008*
	£000	*£000*
Scheme liabilities at 1 January	160,753	120,130
Movement in year		
Service cost	2,816	2,992
Interest cost	9,595	8,240
Past service costs	218	641
Curtailment cost	(842)	-
Contributions paid by the employee	53	62
Benefits paid	(4,590)	(5,150)
Loss/(gain) recognised in STRGL	497	9,504
Scheme liabilities at 31 December	168,500	160,753

Analysis of movement in scheme assets during the year

	2009	*2008*
	£000	*£000*
Scheme assets at 1 January	88,266	92,580
Movement in year		
Expected return on scheme assets	6,410	7,883
Contributions paid by the company	7,075	6,984
Contributions paid by the employee	53	62
Benefits paid	(4,590)	(5,150)
Plan combination	-	20,782
Gain/(loss) recognised in STRGL	10 786	(34,875)
Scheme assets at 31 December	108,000	88,266

History of assets liabilities surplus/(deficit) and experience gains and losses in the years ended 31 December 2009, 31 December 2008, 31 December 2007, 31 December 2006 and 31 December 2005

	2009	*2008*	*2007*	*2006*	*2005*
	£000	*£000*	*£000*	*£000*	*£000*
Scheme assets	108,000	88,266	92,290	91,068	79 945
Scheme liabilities	(168,500)	(160,753)	(120 130)	(121,760)	(115,036)
Scheme deficit	(60,500)	(72,487)	(27 840)	(30,692)	(35,091)
(Loss)/gain on scheme assets	10,786	(34,875)	(6,954)	1,063	7,603
Experience gain on scheme liabilities	-	-	-	315	-

Notes to the financial statements

at 31 December 2009

22. 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

	2009	*2008*
	£000	*£000*
Forward foreign currency contract (liabilities)/assets	(27)	538

23. Post Balance Sheet Events

On 1 January 2010 Univar Europe Ltd, 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 On the same day Univar Europe Ltd sold the business and assets of the RW Greeff division to Univar Specialty Consumables Limited, a fellow group company, in return for shares in that company

24. 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

25. Guarantees and debenture

Univar Limited acts as one of the guarantors for the Group borrowings from Bank of America, N A

The Group credit facilities are secured by a debenture over the assets of the Group, including the assets of Univar Limited

26. Ultimate parent undertaking and controlling party

Ulixes B V , a company ultimately controlled jointly by funds advised and managed by CVC Capital Partners Advisory (US) inc and Clayton, Dubilier & Rice LLP, is the ultimate parent undertaking

Group accounts, incorporating Univar Limited, for year ending 31 December 2009 were drawn up by Ulixes Holding B V , a company incorporated in The Netherlands Accounts are publicly available from 333 The Blaak, 11th Floor, 3011 GB Rotterdam, The Netherlands

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