

Univar Solutions UK Limited

Report and Financial Statements

31 December 2019



Univar Solutions UK Limited

Company Information

Registered Number of Incorporation

00139876

Directors

S Duyfjes

R Hayes

P Bryant

J Carr (resigned with effect from 17 February 2020)

N Perkins (appointed with effect from 17 February 2020)

Auditor

Ernst & Young LLP

1 Bridgewater Place

Water Lane

Leeds

LS11 5QR

Registered Office

Aquarius House

6 Mid Point Business Park

Thornbury

Bradford

BD3 7AY

Bankers

Bank of America Merrill Lynch

5 Canada Square

London

Univar Solutions UK Limited

Strategic report

The directors present their strategic report for the year ended 31 December 2019.

Business review and principal activities

The company's immediate parent undertaking is Univar UK Limited; a sub-holding company. Univar Solutions Inc is the ultimate parent undertaking, a company registered on the NYSE.

The company's principal activities are the involvement in the sales, marketing and distribution of chemicals with the wider Univar Group. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any major changes in the company's activities in the next year.

The company operates a product distribution agreement with Univar Solutions B.V., a fellow group company, whereby Univar Solutions B.V. undertakes the product procurement and sales transactions on behalf of the company, and the company acts as the distribution principal in the agreement and retains responsibility for maintaining customer relationships and arranging sales transactions.

The profit for the year after taxation amounted to £26,754,000 (2018 – £8,948,000). The directors have not recommended a final dividend for the year. No interim dividend was paid.

Operating profit increased by £2,156,000 comparative to the prior year. This reflects a strong trading performance in the year.

In the prior year the company acquired Earthoil Plantations Limited. The principal activity was the supply of essential and vegetable oils for the flavour, fragrance and cosmetic industries. Dividend to the sum of £3,856,000 (2018: £6,307,000) was received from Earthoil Plantations Limited during the year. The company has impaired the investment held in Earthoil Plantations Limited during the year by £3,679,000 (2018: £6,185,000) so that the remaining investment value is equal to the net assets of the entity. On 26 September 2019 Earthoil Plantations appointed a liquidator to proceed with the voluntary wind up of the company.

At the balance sheet date the principal employer of the Univar Company Pension Scheme (1978), Univar UK Limited had appointed Pinsent Masons to proceed with obtaining a High Court Judgement to seek the rectification of two rules in the definitive deed and rules of the scheme. On 19 June 2020 the Final Court Judgement was found in favour of the Claimant on all counts thus allowing the Trustees to amend the definitive deed and rules of the scheme to change the provision for increases to pensions in payment and increases to pensions in deferment from RPI to CPI in the defined benefits section of the scheme. The impact has been to reduce the scheme liabilities by £18,880,000 which has been reflected in the financial statements for the year ending 31 December 2019.

Key performance indicators

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

	2019 £000	2018 £000	Change %
Turnover	35,239	32,758	7.6
Operating profit	10,641	8,485	25.4
Profit after tax	26,754	8,948	199.0
Net assets	100,317	69,892	43.5
Current assets as % current liabilities	47.3%	24.5%	93.1

The increase in the Shareholders' funds during the year reflects the retained profit of £30,374,000 (2018: £4,905,000) and the capital contribution of £51,000 (2018: £28,000) relating to share based payments. The retained profit includes an actuarial gain within other comprehensive income of £4,361,000 (2018: loss £4,871,000) on the company's pension scheme, being the return on scheme assets being less than the effect of changes in actuarial assumptions, and which is disclosed in note 20 to the financial statements.

Univar Solutions UK Limited

Strategic report (continued)

Key performance indicators (continued)

Average headcount in the year was 528 (2018: 530).

Key performance indicators (continued)

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

2019 continued the theme of great safety performances in recent years. The TCIR of 0.69 was comparable to the best of our peer organisations.

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

Principal risks and uncertainties

The principal risks and uncertainties affecting the company's trading activities arise through the long term decline of the UK manufacturing base, new sourcing territories and price volatility of products for resale.

With the manufacturing sector under continued pressure there are still many examples of companies deciding to relocate to lower cost economies. This has the effect of increasing competition in the market, and ultimately increasing pressure on selling prices and service demands. Part of the response to this is to offer alternative, cost competitive products from new suppliers and striving for service excellence. The company continues to utilise the facilities of the Univar Group to access a wide range of product sources. Univar Solutions UK Limited also values its commercial relationships with market leaders in chemical manufacturing throughout the world allowing an unrivalled portfolio of products for all applications.

Internal organisation structures ensure key staff have early access to market information and exposure to price and supply issues allowing informed purchasing decisions to be made to both protect the company and obtain further competitive advantage.

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

The company is a member of the Univar Company Pension Scheme (1978) ("the Scheme"); a multi-employer defined benefit and defined contribution plan. The inherent risks associated with the ongoing funding of this scheme are outlined in note 20 to the financial statements.

The COVID-19 outbreak has developed rapidly in 2020 and as a result has had a global impact on many companies, however Univar Solutions UK Limited has been able to maintain the same level of management services throughout, adapting to the new working environment. The sales performance of the wider group has continued to be strong in 2020. Management is continuously evaluating the efficacy of the COVID-19 virus and has concluded that it is possible the virus may have a negative impact on the results of future operations, but management believes that the company's impact of COVID-19 is limited.

We are closely monitoring the potential impact of COVID-19 on our 2020/2021 financial results and cashflows; detailed risk assessments and revised projections for the business prepared. Our top priority remains the health and safety of our staff, customers and suppliers.

Risk Management

Currency Risk

Management regularly monitor the company's currency positions and exchange rate movements and make currency decisions as appropriate. The group may take on forward exchange contracts to mitigate any material currency risks brought about by its trading activities.

Price Risk

The company constantly reviews both its own and supplier prices and, where appropriate, will use a range of suppliers to ensure that market prices for purchases are achieved.

Univar Solutions UK Limited

Strategic report (continued)

Risk Management (continued)

Liquidity

Management control and monitor the company's cash flow on a regular basis, including forecasting future cash flows.

Credit Risk

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

The Board of Directors' Statement on s172(1)

Under section 172 of the UK Companies Act 2006 ('Section 172') directors must act in the way that they consider, in good faith, would be most likely to promote the success of their company. In doing so, our directors must have regard to stakeholders and the other matters set out in Section 172. The information presented below comprises the Section 172 statement, which describes how the directors have had regard to these matters when performing their duties.

We have identified the stakeholder groups below as key to the success of the Company. In light of our objectives and strategies, our directors take steps to understand the needs and priorities of each stakeholder group and do so through a variety of mediums and channels.

The Board of directors ('the Board') is comprised of S Duyfjes, P Bryant and N Perkins. The Board meets as and when required. The directors communicate within their functional teams and cross functionally with the wider EMEA senior management team on a regular basis. Information from various business areas, with particular feedback on specific stakeholder groups, is relayed to the Board. The outcome of stakeholder engagement influences the formulation and ongoing review of the long-term strategy and financial planning to ensure that our approach continues to deliver sustainable returns and promotes reputational reward.

As part of the Board of directors' ('the Board') decision-making process, the Board considers the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's responsible business practices and the likely consequences of decisions in the long term.

The summary below details the interests of each of the relevant stakeholder groups and the approaches taken to engage them.

Investors – Our ultimate parent, Univar Solutions Inc.

As the owner of the Company, our ultimate parent's priorities are critical to us and their support allows us to implement our strategy and to achieve our long-term plans.

Key topics of engagement	How we engaged in 2019	Considerations and outcomes
<p>Key areas are:</p> <ul style="list-style-type: none"> Compliance with all regulations; Compliance with internal US Group policies; Operating in an ethical manner; Performance against the strategic and financial plan; and Effective leadership to ensure the Company's long-term sustainability and ultimately deliver a return on investment. 	<p>We have open, frequent dialogue with our parent company senior leadership team through one-to-one meetings, function meetings and board meetings. A matrix reporting structure is in place with our parent company.</p> <p>Key parent company senior leadership members are directors of the UK Group holding companies.</p>	<p>Company enters into central procurement agreements on behalf of the UK group including leased assets, utilities etc to benefit from economies of scale, cost savings and efficiencies created for the Company and the Group.</p>

Univar Solutions UK Limited

Strategic report (continued)**The Board of Directors' Statement on s172(1) (continued)***Employees*

Our employees are critical to the delivery of our strategy and the future growth of the business.

Key topics of engagement	How we engaged in 2019	Considerations and outcomes
<p>Key areas are:</p> <ul style="list-style-type: none"> • Empowerment of employees; • Encourage problem solving; • Offer wide range of training and development programmes; • Internal promotions to support long term and fulfilled careers. 	<p>Formal and informal communication including regular management communication, town hall presentations and daily morning operations meetings.</p> <p>The directors meet sector specific operating committees on a regular basis and will frequently take the opportunity to engage with the employees on site visits.</p>	<p>This process has allowed the company to keep employees informed on a timely basis of the revised working arrangements due to COVID-19,</p>

Customers

The company operates a product distribution agreement with Univar Solutions B.V., a fellow group company, whereby Univar Solutions B.V. undertakes the product procurement and sales transactions on behalf of the company, and the company acts as the distribution principal in the agreement and retains responsibility for maintaining customer relationships and arranging sales transactions.

Key topics of engagement	How we engaged in 2019	Considerations and outcomes
<p>Key areas are:</p> <ul style="list-style-type: none"> • Focus on future, new and existing customer base. • Strive to develop enduring partnerships, drive continuous improvement and innovation into operations to drive long term relationships. 	<p>The directors take the time to understand the real and perceived needs of our customers, which they do through actively maintaining close relationships and engaging in regular customer surveys and feedback programmes.</p>	<p>Continuous improvement is at the heart of our operations, driving out waste and improving efficiencies for our customers.</p>

Suppliers

The core of Univar Solutions UK Limited's business is managing complex supply chain solutions for our customers and therefore it is essential to work with our suppliers in an ethical manner.

Key topics of engagement	How we engaged in 2019	Considerations and outcomes
<p>Key areas are:</p> <ul style="list-style-type: none"> • Reliance on suppliers to provide us with products and services which meet our stringent quality and performance requirements, which in turn allows us to fulfil our commitments to our customers. 	<p>On an operational level on a day-to-day basis we engage to ensure that our expectations are met from a quality and delivery perspective or at director level in relation to more strategic discussions.</p> <p>Agreements are entered into with key suppliers where appropriate and performance targets are regularly agreed with suppliers to align with our drive for continuous improvement.</p>	<p>The Company has instilled a culture of ensuring we pay suppliers in line with commercially agreed payment terms.</p> <p>We have strong codes of conduct in relation to anti-bribery and corruption, criminal finances, human trafficking and modern slavery legislation, this zero-tolerance culture being driven by the Board of Directors.</p>

Univar Solutions UK Limited

Strategic report (continued)**The Board of Directors' Statement on s172(1) (continued)***Our community and the environment*

We recognise that the business has an important role to play in its local community. We also acknowledge the impact of our business on the wider society.

Regulatory bodies

Key topics of engagement	How we engaged in 2019	Considerations and outcomes
<p>Key areas are:</p> <ul style="list-style-type: none"> Maintain the highest standards of conduct; Adopt principled and moral long term business practices, rather than aggressive policies focused on short term gains. 	<p>Number of our policies are published on our shareholders' websites, including our zero tolerance to ethical matters such as bribery and corruption, along with maintaining transparent and fair policies with each of our stakeholders.</p> <p>We maintain a regular dialogue with government bodies and regulators, and actively participate in various industry working groups and trade representative bodies.</p>	<p>Engaging in discussions regarding future policy development and planned regulatory changes, and to identify potential opportunities and risks for the business.</p>

Future developments

The directors believe that the company is well positioned for growth, and continue to investigate all opportunities to improve the profitability of the business.

On behalf of the Board

DocuSigned by:

Paul Bryant

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P Bryant - Director

March 23, 2021

Univar Solutions UK Limited

Registered No. 00139876

Directors' report

The directors present their report and financial statements for the year ended 31 December 2019.

Change of name

Following the acquisition of Nexeo Solutions on 1 March 2019 by Univar Inc, Univar embarked on a re-branding project and as a result Univar Limited changed its name to Univar Solutions UK Limited with effect from 1 September 2019.

Directors

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

S Duyfjes

R Hayes

P Bryant

J Carr (resigned with effect from 17 February 2020)

N Perkins (appointed with effect from 17 February 2020)

Dividends

The directors have not recommended the payment of a dividend this year.

Going concern

The company has net current liabilities of £18,565,000 (2018: £23,629,000). A letter of support has been obtained from the ultimate parent. In assessing the ability of the ultimate parent to support the company if needed the directors have received and reviewed a copy of the group managements going concern assessments which are produced as each set of quarterly results are released to the US market in accordance with ASC 205-40-50. The directors note that the US parent has considerable net current assets and very high levels of liquidity due to a combination of cash reserves and access to undrawn but committed facilities. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' qualifying third party indemnity provision

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Strategic Report

In accordance with section 414C(11) of the Companies Act 2006 (strategic report and directors' report) Regulations 2013, the company has prepared a strategic report, which includes information that previously would have been included in the directors' report.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Univar Solutions UK Limited

Directors' report (continued)

Disclosure of information to the auditors

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

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

Auditor

Ernst & Young LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board

DocuSigned by:

Paul Bryant

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P Bryant - Director

March 23, 2021

Univar Solutions UK Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101 "Reduced Disclosure Framework" (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 auditor's report

to the members of Univar Solutions UK Limited

Opinion

We have audited the financial statements of Univar Solutions UK Limited for the year ended 31 December 2019 which comprise the Income Statement, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 24 of the financial statements, which describes the disruption the company's trading subsidiaries are facing as a result of COVID-19 which is impacting their consumer demand and ultimately the long-term carrying value. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report (continued)

to the members of Univar Solutions UK Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

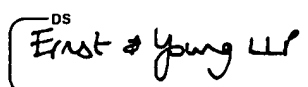
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report (continued)

to the members of Univar Solutions UK Limited

Use of our report

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



Peter Buckler (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

March 23, 2021

Univar Solutions UK Limited

Income statement

for the year ended 31 December 2019

		2019	2018
	Notes	£000	£000
Turnover	3	35,239	32,758
Cost of sales		(460)	(420)
Gross profit		34,779	32,338
Distribution costs		-	(3,706)
Administrative expenses		(24,138)	(20,147)
Operating profit	4	10,641	8,485
Past service credit in pension scheme	20	18,880	-
Interest receivable and similar income	7	9,968	9,613
Impairment of investments	11	(3,679)	(6,185)
Interest payable and similar charges	7	(7,502)	(6,721)
Dividend received		3,856	6,307
Profit on ordinary activities before taxation		32,164	11,499
Tax	8	(5,410)	(2,551)
Profit for the financial year		26,754	8,948

The notes on pages 17 to 41 are integral part of these financial statements.

All amounts relate to continuing activities.

Univar Solutions UK Limited

Statement of other comprehensive income

for the year ended 31 December 2019

		2019	2018
	Notes	£000	£000
Profit for the financial year		26,754	8,948
Other comprehensive income:			
Items that cannot be reclassified to profit or loss:			
Actuarial gain / (loss) on retirement benefit scheme	20	4,361	(4,871)
Deferred tax effect on retirement benefit scheme – current year	8	(741)	828
Other comprehensive income for the year, net of tax		3,620	(4,043)
Total comprehensive income for the year		30,374	4,905

The notes on pages 17 to 41 are integral part of these financial statements.

Univar Solutions UK Limited

Balance sheet

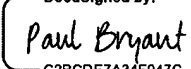
at 31 December 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Intangible assets	9	14,109	14,457
Tangible assets	10	14,664	17,022
Right-of-use Assets	11	8,890	-
Investments	12	4,757	8,436
		<u>42,420</u>	<u>39,915</u>
Current assets			
Inventory	13	100	86
Debtors: amounts falling due within one year	14	6,332	7,589
Cash at bank in hand		10,215	-
		<u>16,647</u>	<u>7,675</u>
Creditors: amounts falling due within one year	15	(35,212)	(31,304)
Net current liabilities		<u>(18,565)</u>	<u>(23,629)</u>
Debtors: amounts falling due after more than one year	14	28,471	27,484
Total assets less current liabilities		<u>52,326</u>	<u>43,770</u>
Creditors: amounts falling due after more than one year	15	(7,562)	(3,384)
Provisions for liabilities	16	(12,554)	(6,590)
Pension asset	20	68,107	36,096
Net assets		<u>100,317</u>	<u>69,892</u>
Capital and reserves			
Called up share capital	18	25,000	25,000
Share premium account		826	826
Capital contribution		406	355
Profit and loss account		74,085	43,711
Total equity		<u>100,317</u>	<u>69,892</u>

The notes on pages 17 to 41 are integral part of these financial statements.

The financial statements of Univar Solutions UK Limited (registered number 00139876) were approved by the board of directors and authorised for issue on March 23, 2021

They were signed on its behalf by:

DocuSigned by:

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 P Bryant

Director
 March 23, 2021

Univar Solutions UK Limited

Statement of changes in equity

at 31 December 2019

	<i>Called-up share capital</i>	<i>Share premium account</i>	<i>Capital contribution</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Balance as at 1 January 2018	25,000	826	327	38,806	64,959
Profit for the year	-	-	-	8,948	8,948
Other comprehensive income for the year	-	-	-	(4,043)	(4,043)
Total comprehensive income for the year	-	-	-	4,905	4,905
Share-based payment transactions	-	-	28	-	28
Balance as at 31 December 2018	<u>25,000</u>	<u>826</u>	<u>355</u>	<u>43,711</u>	<u>69,892</u>
Balance as at 1 January 2019	25,000	826	355	43,711	69,892
Profit for the year	-	-	-	26,754	26,754
Other comprehensive income for the year	-	-	-	3,620	3,620
Total comprehensive income for the year	-	-	-	30,374	30,374
Share-based payment transactions	-	-	51	-	51
Balance as at 31 December 2019	<u>25,000</u>	<u>826</u>	<u>406</u>	<u>74,085</u>	<u>100,317</u>

Reserves of the company represent the following:

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital contribution

This relates to share options issued by the parent undertaking to employees of the company and reflects the value of that contribution by the parent.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

1. Authorisation of financial statements and statement of compliance with FRS 101.

The financial statements of Univar Solutions UK Limited (the “company”) for the year ended 31 December 2019 were authorised for issue by the board of directors on March 23, 2021 and the balance sheet was signed on the board’s behalf by P Bryant. The company is incorporated and domiciled in England and Wales. The company’s registered office is disclosed in the company information on page 1.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and under the historical cost convention. The company’s financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

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

The principal accounting policies adopted by the company are set out in note 2.

2. Accounting policies

Basis of preparation

The accounting policies that follow set out the policies which apply in preparing the financial statements for the year ended 31 December 2019.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 ‘Application of Financial Reporting Requirements’. Accordingly, as permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based payment*;
- (b) IFRS 7 *Financial Instruments: Disclosures*;
- (c) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - (i) paragraph 79(a) (iv) of IAS 1;
- (d) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*;
- (e) the requirements of IAS 7 *Statement of Cash Flows*;
- (f) the requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures*;
- (g) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member and the compensation of key management personnel;
- (h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of assets*.
- (i) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*.
- (j) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases*.

Where required, equivalent disclosures are given in the group accounts of Univar Solutions Inc. The group accounts of Univar Solutions Inc are available to the public and can be obtained as set out in note 25.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Incremental borrowing rate used to measure lease liabilities

Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee's incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 17) and the corresponding right-of-use assets (note 11). To determine the incremental borrowing rate the company uses group determined rates, which in turn are based on recent third-party financing as a starting point, adjusted for conditions specific to the lease such as its term and security.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

Decommissioning costs capitalisation

The company is required to recognise a provision in relation to costs of dismantling or removing an asset at the end of its useful life and restoring the site on which it has been located. Such expenses are capitalised as part of the cost of the item and depreciated prospectively over the remaining life of the item to which they relate. The company recognises the present value of the liability based on an estimate of the costs to decommission the assets. Given the nature of the costs there is an uncertainty over the timing and amount of the liability.

Share based payments

The company has equity-settled share options granted to its employees by its parent company and recognises the fair value of the services received in the income statement and a corresponding increase in equity. The fair value of employee services received is measured using a recognised valuation model. The fair value is based on a number of assumptions and as such is a judgmental calculation.

Estimated impairment of goodwill

The recoverable amount of goodwill is based on value in use which requires estimates in respect of the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and the future earnings growth.

Defined benefit pension scheme

The company is a member of the Univar Company Pension Scheme (1978) ("the Scheme"); a multi-employer defined benefit and defined contribution plan. The key financial and actuarial assumptions associated with the scheme liabilities are outlined in note 20 to the financial statements.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)***Significant accounting policies******a) Foreign currency translation***

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All differences are taken to the profit and loss account.

b) Intangible assets

The definition of a group reconstruction is the transfer of the business of one group entity to another. Group reorganisations are accounted for using merger accounting. Under merger accounting, the carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value on consolidation. Any difference between the nominal value of the shares issued and the fair value of any other consideration given, and the book value of the assets received is posted to a merger reserve and adjusted in the Statement of Changes in Equity.

Expenses incurred to enable the group reconstruction to take place are not to be included as part of this adjustment, but are charged to the statement of profit and loss and other comprehensive income as part of profit or loss of the combined entity at the effective date of the group reconstruction.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the requirement to amortise goodwill over its useful economic life in the Companies Act. If Goodwill were to be amortised over 20 years the annual charge would have been £1,019,000. Goodwill is stated at cost less any accumulated impairment losses.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Other intangible assets are capitalised at cost and amortised on a straight line basis of their useful economic lives. The carrying value of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)

Significant accounting policies (continued)

b) Intangible assets (continued)

Amortisation is provided on all intangible fixed assets (excluding goodwill), on a straight line basis over its expected useful life as follows:

Customer relations – 5 to 13 years

The amortisation period and the amortisation method are reviewed at each financial year end.

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

c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, except land, on a straight line basis over its expected useful life as follows:

Freehold buildings	–	1% to 15%
Leasehold properties	–	the unexpired period of the lease or such shorter period as is considered appropriate.
Plant and equipment	–	4% to 25%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

d) Leases

IFRS 16 removes the distinction between finance and operating leases and brings virtually all leases onto the balance sheet. The standard has a significant impact on the way the assets, liabilities and the income statement of the company are presented. The company has applied IFRS 16 using the modified retrospective approach. Accordingly the comparative information for 2018 has not been restated, as permitted under the specific transitional provisions in the standard.

The company leases a commercial property from a third party. The leases from third parties, which were previously classed as operating leases are, under IFRS 16, recognised as right of use assets with a corresponding liability. The lease liability is recognised at the discounted present value of the total future lease payments, with a corresponding right of use asset recognised and depreciated over the lease term.

e) Financial Instruments

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

Financial Assets

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)***Significant accounting policies (continued)******e) Financial Instruments (continued)******Financial Assets (continued)***

The company's financial assets include cash and short-term deposits and trade and other receivables.

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial Liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

Loans and borrowings are subsequently measured at amortised cost using the EIR, with interest expense recognised on an effective yield basis. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

f) Inventories

Inventories are valued at the lower of cost and net realisable value, using the FIFO basis. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)

Significant accounting policies (continued)

g) Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

h) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

i) Pensions and other post-employment benefits

The company participates in a multi-employer defined benefit and defined contribution plan, the Univar company Pension Scheme (1978) ("the Scheme").

The defined benefit section of the plan is operated on a basis which means that it cannot enable individual companies to identify their share of the underlying assets and liabilities on a consistent and reasonable basis so the company recognises the net asset of the pension scheme on the balance sheet (net of tax) as the sponsoring employer of the scheme. The service cost of providing retirement benefits to employees during the year is charged to the profit and loss account. The full cost of providing amendments to benefits in respect of past service is also charged to the profit and loss account. The expected return on assets of the scheme during the year based on the market value of scheme assets at the start of the financial year is included within interest payable and similar charges. This also includes a charge representing the increase in liabilities of the scheme being one year closer to payment. The difference between actual and expected returns on assets during the year are recognised in the Statement of Other Comprehensive Income together with expensed gains or losses on liabilities and changes in actuarial assumptions.

Contributions to defined contribution plans are charged to the profit and loss account in the year in which they are payable.

j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Amounts receivable by the company under the product distribution agreement with Univar Solutions B.V., are recognised when the underlying sales transaction is complete, and are presented as turnover in the income statement.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)***Significant accounting policies (continued)******k) Provisions***

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

l) Going concern

The company has net current liabilities of £18,565,000 (2018: £23,629,000). A letter of support has been obtained from the ultimate parent. In assessing the ability of the ultimate parent to support the company if needed the directors have received and reviewed a copy of the group managements going concern assessments which are produced as each set of quarterly results are released to the US market in accordance with ASC 205-40-50. The directors note that the US parent has considerable net current assets and very high levels of liquidity due to a combination of cash reserves and access to undrawn but committed facilities. 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.

m) Share based payments: share options

The company participates in a group share-based payment arrangement where the ultimate parent undertaking grants share options to certain employees of the company. Therefore the company measures the services received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes-Merton model. The expected life used in the model has been adjusted, based on directors' best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity as a capital contribution. Where share-based payment award vests in instalments, each instalment is accounted for as a separate arrangement ("graded vesting").

At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions (the "original fair value") and under the modified terms and conditions (the "modified fair value") are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)**Significant accounting policies (continued)***n) Investments*

Investments in subsidiaries are stated in the balance sheet at cost less any provisions for impairment. The carrying value of investments is reviewed on an annual basis for any signs of impairment. When a provision for impairment is deemed necessary the resulting expense is charged to the profit and loss account.

o) Group financial statements

The company has not prepared group financial statements as it is a wholly owned subsidiary undertaking of a company which itself prepares group financial statements and so is exempt by virtue of section 401 of the Companies Act 2006. These financial statements present information about the company as an individual undertaking and not about its group.

3. Turnover

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

An analysis of turnover by geographical market is given below:

	2019 £000	2018 £000
Europe	35,239	32,758
	<u>35,239</u>	<u>32,758</u>

4. Operating profit

This is stated after charging / (crediting):

	2019 £000	2018 £000
Audit of the financial statements	30	30
Depreciation of owned assets	1,692	1,347
Depreciation of leased assets	3,025	1,126
Amortisation of intangibles	586	358
Loss on disposal of tangible fixed assets	17	463
Exchange rate loss/(gain)	2,238	(288)
Operating lease rentals – other	-	1,379
Operating lease rentals – land and buildings	-	1,632

5. Directors' remuneration

No remuneration was paid to the directors in the current year or preceding year for their services to the company. No directors accrued benefits under money purchase or defined benefit schemes.

The directors of the company are also directors of the holding company and/or fellow subsidiaries. The directors received remuneration for the year of £341,000 (2018 – £302,000) in relation to qualifying services as directors of this company, all of which was paid by Univar Solutions Inc, Univar Solutions AG and Univar Europe Limited.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

6. Staff costs

	2019	2018
	£000	£000
Wages and salaries	17,031	17,284
Social security costs	1,647	1,578
Defined benefit pension costs	-	1,910
Defined contribution pension costs	1,591	1,583
Redundancy costs	-	15
Share based payments	51	28
	<u>22,320</u>	<u>22,398</u>

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

	No.	No.
Administrative	32	35
Sales and distribution	496	495
	<u>528</u>	<u>530</u>

7. Interest

	2019	2018
	£000	£000
<i>Interest receivable and similar income:</i>		
Group interest received	1,968	2,283
Bank interest received	15	7
Other finance income	7,985	7,323
	<u>9,968</u>	<u>9,613</u>

	2019	2018
	£000	£000
<i>Interest payable and similar charges:</i>		
Bank interest payable	5	2
Capital lease interest payable	631	200
Other interest payable	6,858	6,519
Unwinding of discounts on provisions	8	-
	<u>7,502</u>	<u>6,721</u>

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

8. Tax

(a) Tax charged in the income statement

	2019 £000	2018 £000
Current tax:		
UK corporation tax on the profit for the year	239	–
Adjustments in respect of prior years	–	–
Total current tax	239	–
Deferred tax:		
Origination and reversal of timing differences	5,856	2,668
Change in tax rate	(616)	(281)
Adjustments in respect of prior years	(69)	164
Total deferred tax (note 8 (c))	5,171	2,551
Tax expense in the income statement	5,410	2,551

Tax charged to other comprehensive income

	2019 £000	2018 £000
Deferred tax:		
Origination and reversal of timing differences	741	(828)
Total deferred tax (note 8 (c))	741	(828)
Tax charge / (credit) in other comprehensive income	741	(828)

(b) Reconciliation of the total tax charge

The tax expense in the income statement for the year is different to that at the standard rate of corporation tax in the UK of 19.00% (2018 – 19.00%). The differences are reconciled below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	32,164	11,499
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 – 19.00%)	6,111	2,185
Effects of:		
Expenses not deductible for tax purposes	770	1,362
Group loss relief surrendered for no consideration	–	614
Income not taxable	(733)	(1,198)
Transfer pricing adjustments	(54)	(49)
Deferred tax rate changes	(616)	(281)
Adjustments in respect of prior years	(69)	164
Intangible fixed assets	–	(249)
Share options	1	3
Total tax expense reported in the income statement	5,410	2,551

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

8. Tax (continued)

(c) Deferred tax

	2019	2018
	£000	£000
Accelerated capital allowances	(543)	911
Losses	(2,849)	3,037
Other timing differences	(4,750)	(6,177)
	<u>(8,142)</u>	<u>(2,229)</u>
Disclosed on the balance sheet		
Deferred tax liability (note 16)	<u>(8,142)</u>	<u>(2,229)</u>

The movement in deferred tax is summarised as follows

	2019
	£000
Deferred tax provision at 1 January 2019	(2,229)
Charge in the income statement	(5,240)
Charge in other comprehensive income	(741)
Adjustment in respect of prior years	69
Rounding	(1)
Deferred provision at 31 December 2019	<u>(8,142)</u>

	2019	2018
	£000	£000
Deferred tax included in the profit and loss account		
Accelerated capital allowances	390	(13)
Losses	288	81
Pension	5,254	3,011
Other timing differences	(83)	(411)
RDEC	7	-
Change in tax rates	(616)	(281)
Adjustments in respect of prior years	(69)	164
Deferred tax expenses	<u>5,171</u>	<u>2,551</u>

	2019	2018
	£000	£000
Deferred tax included in other comprehensive income		
Pension	741	(828)
Deferred tax charge / (credit)	<u>741</u>	<u>(828)</u>

A deferred tax asset totalling £13,000 (2018 – £13,000) in respect of capital losses has not been recognised due to uncertainty over the future utilisation.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

8. Tax (continued)

(d) Factors affecting future tax

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £958,000, and to increase the deferred tax liability by £958,000.

9. Intangible fixed assets

	<i>Goodwill</i> £000	<i>Customer relations</i> £000	<i>Total</i> £000
Cost:			
At 1 January 2019	9,599	5,886	15,485
Additions	237	–	237
Disposals	–	(16)	(16)
At 31 December 2019	9,836	5,870	15,706
Amortisation:			
At 1 January 2019	–	1,028	1,028
Charge for the year	–	585	585
Disposals	–	(16)	(16)
At 31 December 2019	–	1,597	1,597
Net book value:			
At 31 December 2019	9,836	4,273	14,109
At 1 January 2019	9,599	4,858	14,457

The additions during the year relate to a Goodwill adjustment arising from the transfer of trade from Earthoil Plantations Limited on 30 November 2018.

The company carried out the impairment test of goodwill for the year ended 31 December 2019 and have not made an adjustment for this in the period.

The directors believe that, for goodwill allocation purposes, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets is the company as a whole.

The recoverable amount of the company is based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the directors covering a five-year period.

The carrying amount of the company's non-current assets and non-group working capital assets and liabilities is £30,395,000. This is less than its recoverable amount of £61,891,000, which was calculated using a discount rate of 7.50%. Therefore no impairment has been recognised.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

10. Tangible fixed assets

	<i>Land & Buildings</i>	<i>Plant and equipment</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:			
At 1 January 2019	11,781	30,929	42,710
Additions	76	2,391	2,467
Transfer from subsidiary	-	61	61
Disposals	(30)	(484)	(514)
Transfer to right-of-use asset	-	(4,911)	(4,911)
Reclassification	4	(4)	-
At 31 December 2019	<u>11,831</u>	<u>27,982</u>	<u>39,813</u>
Depreciation:			
At 1 January 2019	7,599	18,089	25,688
Charge for the year	480	1,212	1,692
Disposals	(30)	(467)	(497)
Transfer to right-of-use asset	-	(1,734)	(1,734)
Reclassification	4	(4)	-
At 31 December 2019	<u>8,053</u>	<u>17,096</u>	<u>25,149</u>
Net book value:			
At 31 December 2019	<u>3,778</u>	<u>10,886</u>	<u>14,664</u>
At 1 January 2019	<u>4,182</u>	<u>12,840</u>	<u>17,022</u>

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
The net book values of land & buildings comprises:		
Freehold	3,778	3,593
Leasehold	-	589
	<u>3,778</u>	<u>4,182</u>

Univar Solutions UK Limited

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at 31 December 2019

11. Right-of-use assets

	<i>Land & Buildings £000</i>	<i>Plant and equipment £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2019	-	-	-
Transfer from tangible fixed assets	-	4,911	4,911
Arising on adoption of IFRS16	7,889	3,945	11,834
Additions	-	832	832
Disposals	-	(1,753)	(1,753)
At 31 December 2019	<u>7,889</u>	<u>7,935</u>	<u>15,824</u>
Depreciation:			
At 1 January 2019	-	-	-
Transfer from tangible fixed assets	-	1,734	1,734
Arising on adoption of IFRS16	-	3,453	3,453
Charge for the year	1,519	1,506	3,025
Disposals	-	(1,278)	(1,278)
At 31 December 2019	<u>1,519</u>	<u>5,415</u>	<u>6,934</u>
Net book value:			
At 31 December 2019	<u>6,370</u>	<u>2,520</u>	<u>8,890</u>
At 1 January 2019	<u>-</u>	<u>-</u>	<u>-</u>

Leased assets and assets under hire purchase contracts are pledged as security for the related lease and hire purchase liabilities.

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12. Investments

	<i>Shares in subsidiary undertakings £000</i>
Cost:	
At 1 January 2019	18,935
Disposal during the year	<u>(4,314)</u>
At 31 December 2019	<u>14,621</u>
Allowance for impairment:	
At 1 January 2019	10,499
Provision for impairment during year	3,679
Disposal during the year	<u>(4,314)</u>
At 31 December 2019	<u>9,864</u>
Net book value:	
At 31 December 2019	<u>4,757</u>
At 1 January 2019	<u>8,436</u>

The company has impaired the investment held in Earthoil Plantations Limited during the year by £3,679,000 so that the remaining investment value is equal to the net assets of the entity. Earthoil Plantations Limited appointed a voluntary liquidator with effect from 23 October 2019.

The company has disposed of the investment held in Polymer Technologies Limited during the year as the liquidation of Polymer Technologies Limited was finalised on 23 December 2019.

The investments the company holds, 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
Univar Specialty Consumables Limited*	Ordinary shares	100%	Consumables distribution
Earthoil Plantations Limited	Ordinary shares	100%	Sales and Distribution

*Investment held by subsidiary undertaking.

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

13. Inventory

	<i>2019 £000</i>	<i>2018 £000</i>
Inventory held for resale	<u>100</u>	<u>86</u>

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

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14. Debtors

	2019	2018
	£000	£000
<i>Amounts due within one year:</i>		
Trade debtors	-	-
Amounts owed by fellow group undertakings	213	1,579
Corporation tax	287	495
VAT	559	1,549
Other debtors	24	91
Prepayments and accrued income	5,249	3,875
	<u>6,332</u>	<u>7,589</u>
<i>Amounts due after one year:</i>	2019	2018
	£000	£000
Amounts owed by fellow group undertakings	<u>28,471</u>	<u>27,484</u>

Amounts owed by fellow group undertakings due after more than one year includes an interest bearing loan with the company's ultimate UK parent company, Ulixes Limited, in the sum of £28,471,000 (2018: £27,484,000). Interest is charged at a rate of 7% and the loan has a maturity date of 15 July 2021.

Other intercompany balances are interest free, unsecured, have no fixed repayment terms and are repayable on demand.

15. Creditors

	2019	2018
	£000	£000
<i>Amounts falling due within one year:</i>		
Bank overdraft	-	2,315
Trade creditors	2,807	2,406
Amounts owed to fellow group undertakings	26,939	23,816
Capital lease obligations	2,481	778
Other creditors	1,482	-
Accruals and deferred income	1,503	1,989
	<u>35,212</u>	<u>31,304</u>

The amounts owed to fellow group undertakings includes an interest-free loan of £26,600,000 (2018: £23,500,000) due to Distrupol Limited, the maturity date is flexible by mutual agreement. Other intercompany balances are interest free, unsecured, have no fixed repayment terms and are payable on demand.

	2019	2018
	£000	£000
<i>Amounts falling due after more than one year:</i>		
Capital lease obligations	6,698	2,398
Accruals and deferred income	864	986
	<u>7,562</u>	<u>3,384</u>

The company's obligations under capital leases are secured by the lessors' charges over the leased assets.

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16. Provisions for liabilities

	<i>Environmental costs</i>	<i>Reorganisation costs</i>	<i>Dilapidations</i>	<i>Decommissioning costs</i>	<i>Deferred Tax (note 8c)</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2019	52	153	870	3,286	2,229	6,590
Increase to provision during the year	9	113	9	13	5,913	6,057
Utilised during the year	(12)	(81)	—	—	—	(93)
At 31 December 2019	<u>49</u>	<u>185</u>	<u>879</u>	<u>3,299</u>	<u>8,142</u>	<u>12,554</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 include the ongoing costs in relation to a, now unused, Bradford head office carpark.

The dilapidation costs relate to a contractual obligation as a result of a past event made in anticipation of future expenditure on the repair following the vacation of the leasehold properties.

The decommissioning costs relate to the dismantling of the tank farms. The net present value of the costs in relation to the decommissioning have been recognised as a liability within the financial statements.

17. Leases

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Capital lease liability brought forward	3,176	—
Arising on adoption of IFRS 16	8,381	—
Additions	832	—
Accretion of interest	631	—
Payments	(3,841)	—
At 31 December 2019	<u>9,179</u>	<u>—</u>
Amounts falling due:		
Within one year	2,481	—
Within two to five years	4,693	—
After more than five years	2,005	—
	<u>9,179</u>	<u>—</u>

18. Issued share capital

		<i>2019</i>		<i>2018</i>
	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Allotted, called up and fully paid				
Ordinary shares of £1 each	25,000,000	<u>25,000</u>	25,000,000	<u>25,000</u>

Univar Solutions UK Limited

Notes to the financial statements

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19. Capital commitments

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

	2019	2018
	£000	£000
Contracted	49	122

20. Pensions

The company is a member of the Univar Company Pension Scheme (1978) ("the Scheme"). The Scheme is a multi-employer defined benefit and defined contribution plan. The plan is accounted for in the financial statements, as the company is legally the sponsoring employer for the plan, in accordance with IAS 19. There is no policy for charging the net defined benefit cost to individual group entities. The details of the surplus for the Scheme are provided in this note.

The assets of the Scheme are held separate to the assets of the company in separate independently administered funds.

The ongoing funding arrangements of the Scheme, in place to meet its long term pension liabilities, are governed by the Scheme documentation and national legislation. The accounting and disclosure requirements of IAS 19 do not affect these funding requirements.

At the balance sheet date the principal employer of the Univar Company Pension Scheme (1978), Univar UK Limited had appointed Pinsent Masons to proceed with obtaining a High Court Judgement to seek the rectification of two rules in the definitive deed and rules of the scheme. On 19 June 2020 the Final Court Judgement was found in favour of the Claimant on all counts thus allowing the Trustees to amend the definitive deed and rules of the scheme to change the provision for increases to pensions in payment and increases to pensions in deferment from RPI to CPI in the defined benefits section of the scheme. The impact has been to reduce the scheme liabilities by £18,880,000 which has been reflected in the financial statements for the year ending 31 December 2019.

The risks of the Scheme are as follows:

Longevity risk

Any increase in the Scheme participants' life expectancy will increase the Scheme's obligations.

Investment risk

If the actual return on the Scheme assets is below the discount rate used in calculating the defined benefit plan obligation, a Scheme deficit will arise; however, the composition of plan assets is balanced enough not to expose the company to significant concentrations of investment risk

Interest rate risk

A decrease in the bond interest rate will increase the Scheme obligations (however, partially counterbalanced by an increase in the return on the Scheme's debt investments).

Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher obligations. The majority of the Scheme's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

The overall expected rate of return on assets is established by combining the proportions held in each major asset class with expected returns for each class derived from market yields and consideration of inflation and economic growth expectations.

The defined benefit section was closed to future accrual on 30 November 2010. All active members of the section transferred to the defined contribution section of the Scheme at this date for future service.

Univar Solutions UK Limited

Notes to the financial statements

at 31 December 2019

20. Pensions (continued)

The key financial assumptions, actuarial method and results of these valuations at 31 December 2019 and 31 December 2018 are set out below:

	2019	2018
	£000	£000
Scheme assets at fair value:		
Equities	16,967	52,174
Bonds	314,608	227,190
Other	1,755	14,109
Fair value of scheme assets	333,330	293,473
Present value of scheme liabilities	(265,223)	(257,377)
Defined benefit pension plan surplus	68,107	36,096

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

	2019	2018
	Projected Unit	Projected Unit
	%	%
Actuarial method used		
Main assumptions:		
Discount rate	% 1.90	2.70
Wages and salaries increases p.a.	% n/a	n/a
Rate of increase in pensions in payment	% 1.80-3.30	1.90-3.35
Rate of increase in pensions in deferment	% 2.30-3.20	2.50-3.40
Return on assets	% 1.90	3.25
RPI inflation p.a.	% 3.20	3.40
CPI inflation p.a.	% 2.30	2.50

Average life expectancy:	2019	2018
Current female pensioners	23.6	23.5
Current male pensioners	22.1	22.0
Future female pensioners	24.8	24.7
Future male pensioners	23.1	23.0

Sensitivity of the Scheme's liabilities to the assumptions chosen:

Change in assumption	Impact on Scheme liabilities
	£'000
Increase the discount rate by 1%	2,453
Decrease the discount rate by 1%	13,013
Increase the inflation rate by 1%	5,332
Decrease the inflation rate by 1%	(1,115)
Increase life expectancy of all members by 1 year	30,442
Decrease life expectancy of all members by 1 year	6,858

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20. Pensions (continued)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Pension increases have been allowed for as appropriate under the Scheme rules. Pension increases on benefits from service before April 1997 for the Scheme are discretionary. No advance allowance for future discretionary increases has been made in the liabilities.

Employer contributions:

For the Defined Benefit section company contributions, prior to the closure of the Scheme, were as follows:

- 29.5% of pensionable salaries less member contributions for Senior Staff
- 20.0% of pensionable salaries less member contributions for other members

In addition, the company has paid deficit contributions of £7,650,000 during the year ending 31 December 2019 (2018: £16,950,000).

For the Defined Contribution section:

- 20% of pensionable salaries for non-contributory Senior Staff
- 13-15% of pensionable salaries for contributory Senior Staff
- 6-12% of pensionable salaries for other members

Employee contributions:

For the Defined Benefit section:

- The members shall pay contributions monthly as required by the Rules of the Scheme.

For the Defined Contribution section:

- Nil for non-contributory Senior Staff
- 3-5% of pensionable salaries for contributory Senior Staff
- 3-6% of pensionable salaries for other members

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

Expected contributions to the Scheme for the year ending 31 December 2020 are £nil (2019: £8,650,000).

Expected maturity analysis of defined benefit obligations:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
At 31 December 2019	£000	£000	£000	£000	£000
Pension benefits	7,211	7,029	25,440	48,433	88,113

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20. Pensions (continued)

The latest formal valuation of the Scheme was as at 30 June 2018. The liabilities for the Scheme have been calculated based on the individual membership data at 30 June 2018, and rolled forward to 31 December 2019, taking account of benefits accruals and payments since the valuation date.

	2019 £000	2018 £000
Total market value of assets	333,330	293,473
Present value of the scheme's liabilities	(265,223)	(257,377)
Total surplus in the scheme	68,107	36,096
Net defined benefit asset	68,107	36,096

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 2019, this approach suggested an assumption of 1.90% pa (2018: 3.25%).

An analysis of the defined benefit cost for the years ended 31 December 2019 and 31 December 2018 are as follows:

	2019 £000	2018 £000
Expected return on pension scheme assets	7,978	7,323
Interest on pension liabilities	(6,858)	(6,517)
Total income included in profit and loss	1,120	806

Analysis of movement in the Scheme's assets and liabilities for years ended 31 December 2019 and 31 December 2018 are as follows:

	2018 £000	2017 £000
Return on scheme assets (excluding interest income)	35,087	(18,786)
(Gain) / loss on changes of assumptions	(30,726)	13,915
Total actuarial gain / (loss)	4,361	(4,871)

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20. Pensions (continued)

Reconciliation of defined benefit obligation during the year:

	2019	2018
	£000	£000
Defined benefit obligation at 1 January	257,377	275,047
Movement in year:		
Past service cost/credit	(18,880)	1,910
Interest cost	6,858	6,517
Benefits paid	(10,858)	(12,182)
Effect of changes in assumptions	37,798	(14,316)
Experience adjustments	(7,072)	401
Defined benefit obligation at 31 December	<u>265,223</u>	<u>257,377</u>

Reconciliation of defined benefit assets during the year:

	2019	2018
	£000	£000
Scheme assets at 1 January	293,473	300,168
Movement in year:		
Interest income	7,978	7,323
Actuarial gains	35,087	(18,786)
Company contributions	7,650	16,950
Benefits paid	(10,858)	(12,182)
Scheme assets at 31 December	<u>333,330</u>	<u>293,473</u>

21. Other financial commitments

Prior to the transition to IFRS 16 on 1 January 2019 the company classified leases as either finance or operating leases. The disclosures provided in the prior year in relation to commitments under operating leases are as follows:

At 31 December 2018 the company had total future minimum commitments under non-cancellable operating leases as set out below:

	Land & buildings	Other	Total
	2018	2018	2018
	£000	£000	£000
Operating leases amounts due:			
Within one year	1,822	339	2,161
	5,398		
In two to five years		289	5,687
Over five years	2,075	–	2,075
	<u>9,295</u>	<u>628</u>	<u>9,923</u>

Of the land and buildings commitment £5,248,000 was payable to fellow group undertakings.

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21. Other financial commitments (continued)

On adoption of IFRS 16 the company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 "Leases". The difference between the operating lease commitments disclosed applying IAS 17 at the end of 2018 and the lease liabilities recognised in initial application is as follows:

	<i>Land & buildings</i>	<i>Other</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating lease commitments at 31 December 2018	9,295	628	9,923
Operating lease commitments previously disclosed in fellow subsidiary as at 31 December 2018	2,603	428	3,031
Effect of discounting using the lessee's incremental borrowing rate at the date of initial application of IFRS 16	(4,009)	(564)	(4,573)
Liabilities recognised on initial application of IFRS 16 as at 1 January 2019	<u>7,889</u>	<u>492</u>	<u>8,381</u>

Operating lease commitments arising under UK Group Central Agreements as at 31 December 2018 were not previously disclosed as lease commitments of Univar Solutions UK Limited but disclosed in the financial statements of the fellow group entities occupying the real estate and employers of the employees driving the company cars. On adoption of IFRS 16 the real estate and the company cars for the UK Group have been capitalised in Univar Solutions UK Limited as the legal lessee. Univar Solutions UK Limited recharges Distrupol Limited, Univar Specialty Consumables Limited and Univar Europe Limited a charge equivalent to the cost of the lease expense.

22. Share based payments

The company participates in a group share-based payment arrangement where the ultimate parent undertaking grants share options to certain employees of the company.

Restricted stock allows employees to obtain legal title to the shares at the time of the grant, however the right to sell or otherwise dispose is restricted until a vesting date.

Share options are granted with a fixed exercise price, are exercisable one to four years after the date of the grant and expire ten years after the date of grant. Employees are required to remain in employment with the company until the options become exercisable. Share options are settled in equity. Share options are forfeited if an employee leaves the company before they become entitled to exercise the share options.

The company recognises share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution.

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22. Share based payments (continued)

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

	2019 Number of options	2019 Weighted average exercise price (£)	2018 Number of options	2018 Weighted average exercise price (£)
Outstanding at 1 January	5,980	19.84	4,740	17.94
Transfer during the year	(1,590)	19.33	-	-
Granted during the year	3,960	16.82	3,490	19.33
Exercised during the year	-	-	(2,250)	15.04
Outstanding at 31 December	8,350	19.84	5,980	19.84
Exercisable at 31 December	2,543	19.71	580	22.93

23. Related party transactions

The directors have taken advantage of the exemption under paragraph 8(k) of FRS 101, and have not disclosed related party transactions with parent and fellow subsidiary undertakings.

24. Post balance sheet events

Subsequent to the year end, the coronavirus (COVID-19) outbreak has spread rapidly across the world, impacting many economies and markets. The Company itself is both a trading company and an intermediate holding company. There was little direct impact from lockdown on the company's own direct operations with the appropriate infrastructure put in place for home working to be achieved where appropriate. At all times the company has been in compliance with government guidance.

However, the company also has an investment in trading subsidiaries one of whose trade is the distribution of abrasives, adhesives, adhesive tapes, lubricants, protection films and silicones principally to the construction, automotive, aerospace, electronics and refurbishment industries. The subsidiary has been impacted by the pandemic as there has been some reduction in demand for the products supplied to certain sectors of the economy. The subsidiary has responded with an increased focus on cost control, discretionary spend and working capital management.

The company also holds investments in a non-trading subsidiary. An impairment has been recognised on this investment as part of the Group's ongoing entity rationalisation programme, rather than it arising from the impact of COVID-19.

At the date of this report the coronavirus outbreak remains an ongoing event and whilst the Directors consider it unlikely that any impairment in subsidiaries carrying values will arise, the threat of impairment cannot be described as remote. The pandemic is considered an event which is indicative of conditions which arose after the reporting period and as such any eventual impairment as a result would be booked to accounting periods subsequent to 31 December 2019.

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25. Ultimate parent undertaking and controlling party

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

Univar Solutions Inc (formerly Univar Inc) is the ultimate parent undertaking. Following the acquisition of Nexeo Solutions on 1 March 2019, Univar embarked on a rebranding project and as a result Univar Inc changed its name to Univar Solutions Inc with effect from 1 September 2019.

Group financial statements, incorporating Univar Solutions UK Limited, for year ending 31 December 2019 were drawn up by Univar Solutions Inc, a company incorporated in the USA. The consolidated financial statements of Univar Solutions Inc. have been filed at Companies House in conjunction with the financial statements of the ultimate UK parent company, Ulixes Limited.