

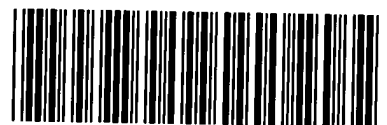
Registered number: 05777067

**BRENNTAG UK HOLDING LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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## **BRENNTAG UK HOLDING LIMITED**

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### **COMPANY INFORMATION**

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**DIRECTORS**

R Argo  
D M O'Connell (resigned 28 March 2017)  
M Gratton  
S E Holland (resigned 28 March 2017)  
Y Merolle  
R Ward (appointed 1 August 2017)

**COMPANY SECRETARY**

M Gratton

**REGISTERED NUMBER**

05777067

**REGISTERED OFFICE**

Alpha House  
Lawnswood Business Park  
Redvers Close  
Leeds  
West Yorkshire  
LS16 6QY

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
Central Square  
29 Wellington Street  
Leeds  
West Yorkshire  
LS1 4DL

**BANKERS**

HSBC Plc  
City Branch  
33, Park Row  
Leeds  
West Yorkshire  
LS1 1LD

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## **BRENNTAG UK HOLDING LIMITED**

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### **CONTENTS**

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	<b>Page(s)</b>
<b>Strategic Report</b>	<b>1</b>
<b>Directors' Report</b>	<b>2 - 3</b>
<b>Directors' Responsibilities Statement</b>	<b>4</b>
<b>Independent Auditors' Report</b>	<b>5 - 7</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10 - 11</b>
<b>Notes to the Financial Statements</b>	<b>12 - 28</b>

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## **BRENNTAG UK HOLDING LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **INTRODUCTION**

The directors present their Strategic Report for the year ended 31 December 2017.

#### **BUSINESS REVIEW**

The Company is the UK parent company of the Brenntag UK & Ireland and Multisol group of companies.

On the 15 December 2018, the Company completed the acquisition of Kluman and Balter Limited and A1 Cake Mixes Limited. The acquired companies specialise in the distribution of a comprehensive range of bakery ingredients as well as a large variety of bakery and confectionary mixes. The directors feel that the acquisition will significantly strengthen Brenntag UK & Ireland's footprint in the food and nutrition sector.

The group continued its project to streamline its organisational structure and during the year successfully dissolved the following companies; Brenntag UK Group Limited, Multisol Chemicals Limited and Multisol EBT Limited. Subsequent to the balance sheet date the project further led to the successful dissolution of Multisol Eclipse Limited. In addition, Water Treatment Solutions Limited is expected to be dissolved in the near future, being in "In Liquidation" status with the Registrar of Companies at the date of signing the financial statements. There are no adverse effects of this project on the consolidated Brenntag UK Holding subgroup's financial position, with any investment impairments being offset by final dividend distributions. Furthermore the removal of obsolete subsidiaries will have ongoing benefits in terms of simplification and reduced administrative burden.

The financial results are summarised on page 8. The directors are satisfied with the net asset position of the Company at the year end, as disclosed on page 9.

The Company has access to considerable financial resources and has rigorous procedures for identifying, quantifying and mitigating all aspects of risk relevant to the business. In light of these factors the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk to the Company would be a deterioration in the performance of its investments. The Company closely monitors its investments and addresses any aspect of risk where identified.

The Company's financial risks are mainly managed by the treasury department at the head office of the Brenntag Group. The group hedge financing risks by using derivative instruments, such as foreign exchange forwards, interest rate and currency swaps or combined instruments. This permits a balancing of risks throughout the group.

#### **USE OF KEY PERFORMANCE INDICATORS**

The directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business. The principal measure used for monitoring performance is profit on ordinary activities before taxation.

This report was approved by the board on 28 June 2018 and signed on its behalf.



**M Gratton**  
Director

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## **BRENNTAG UK HOLDING LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report and the audited financial statements for the year ended 31 December 2017.

#### **RESULTS AND DIVIDENDS**

The results for the year are reviewed in the Strategic Report on page 1. The profit for the financial year amounted to £21,164,000 (2016 - £9,743,000). Dividends were paid during the year totalling £18,177,000 (2016 - £20,761,000). The directors do not recommend the payment of a final dividend (2016 - £nil).

#### **DIRECTORS**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

R Argo  
D M O'Connell (resigned 28 March 2017)  
M Gratton  
S E Holland (resigned 28 March 2017)  
Y Merolle  
R Ward (appointed 1 August 2017)

#### **FUTURE DEVELOPMENTS**

The directors are satisfied with the Company's results and are confident of the Company's future prospects. As a result there are no plans to change the Company's activities in the foreseeable future.

#### **FINANCIAL RISK MANAGEMENT**

##### **Currency Risk:**

Currency risk at a transactional level is managed through the regular forecasting of future currency flows, Group hedge these flows by using derivative instruments, such as foreign exchange forwards and currency swaps or combined instruments where applicable.

##### **Liquidity Risk:**

Management control liquidity risk through the careful management of all aspects of the Company's cash flows and the safe investment of cash assets.

#### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

Qualifying third party indemnity insurance was in place for the benefit of all the directors of the Company during the year and up to the date of signing the financial statements.

#### **POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

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**BRENNTAG UK HOLDING LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**INDEPENDENT AUDITORS**

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 June 2018 and signed on its behalf.



**M Gratton**  
Director

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## **BRENNTAG UK HOLDING LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

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## BRENNTAG UK HOLDING LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRENNTAG UK HOLDING LIMITED

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#### Report on the audit of the financial statements

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##### Opinion

In our opinion Brenntag UK Holding Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of comprehensive income, the statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which include FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities with these requirements.

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##### Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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##### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on it, except to the extent otherwise explicitly stated in this report, any form of assurance 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



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## BRENNTAG UK HOLDING LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRENNTAG UK HOLDING LIMITED

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our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a misstatement of the other information. If, based on the work performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

##### *Auditors' 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 auditors' 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 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

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## BRENNTAG UK HOLDING LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRENNTAG UK HOLDING LIMITED

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#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### **Other required reporting**

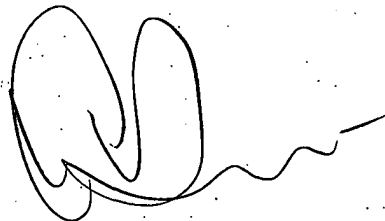
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##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Ian Plunkett FCA (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
Leeds

28 June 2018

**BRENNTAG UK HOLDING LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Administrative expenses		(68)	(15)
Other operating income	3	-	600
<b>Operating (loss) / profit</b>		<b>(68)</b>	<b>585</b>
Income from shares in group undertakings	6	43,537	20,761
Interest receivable and similar income	7	313	2,307
Amounts written off investments	11	(11,912)	(3,100)
Interest payable and similar expenses	8	(10,758)	(10,679)
<b>Profit on ordinary activities before taxation</b>		<b>21,112</b>	<b>9,874</b>
Tax on profit on ordinary activities	9	52	(131)
<b>Profit and total comprehensive income for the financial year</b>		<b>21,164</b>	<b>9,743</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 12 to 28 form part of these financial statements.

**BRENNTAG UK HOLDING LIMITED**  
**REGISTERED NUMBER: 05777067**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Investments	11	355,343	248,733
		<u>355,343</u>	<u>248,733</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	12	11,539	42,967
Debtors: amounts falling due within one year	12	1,152	4,002
Cash at bank and in hand		622	16
		<u>13,313</u>	<u>46,985</u>
Creditors: amounts falling due within one year	13	(53,595)	(1,375)
<b>Net current (liabilities)/assets</b>		<u>(40,282)</u>	<u>45,610</u>
<b>Total assets less current liabilities</b>		<u>315,061</u>	<u>294,343</u>
Creditors: amounts falling due after more than one year	14	(252,034)	(234,251)
<b>Provisions for liabilities</b>			
Deferred taxation	16	(19)	(71)
		<u>(19)</u>	<u>(71)</u>
<b>Net assets</b>		<u><u>63,008</u></u>	<u><u>60,021</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Share premium account		20,582	20,582
Profit and loss account		42,425	39,438
<b>Total shareholders' funds</b>		<u><u>63,008</u></u>	<u><u>60,021</u></u>

The financial statements on pages 8 to 28 were approved by the board on 28 June 2018 and were signed on its behalf by:

**M Gratton**  
Director



The notes on pages 12 to 28 form part of these financial statements.

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**BRENNTAG UK HOLDING LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2017	1	20,582	39,438	60,021
<b>Comprehensive income for the year</b>				
Profit for the financial year	-	-	21,164	21,164
<b>Total comprehensive income for the year</b>	-	-	21,164	21,164
Dividends: Equity capital	-	-	(18,177)	(18,177)
<b>Total transactions with owners</b>	-	-	(18,177)	(18,177)
<b>At 31 December 2017</b>	<b>1</b>	<b>20,582</b>	<b>42,425</b>	<b>63,008</b>

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**BRENNTAG UK HOLDING LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2016	1	20,582	50,456	71,039
<b>Comprehensive income for the year</b>				
Profit for the financial year	-	-	9,743	9,743
<b>Total comprehensive income for the year</b>	-	-	9,743	9,743
Dividends: Equity capital	-	-	(20,761)	(20,761)
<b>Total transactions with owners</b>	-	-	(20,761)	(20,761)
<b>At 31 December 2016</b>	<b>1</b>	<b>20,582</b>	<b>39,438</b>	<b>60,021</b>

The notes on pages 12 to 28 form part of these financial statements.

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## **BRENNTAG UK HOLDING LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **1. ACCOUNTING POLICIES**

##### **1.1 General Information**

The Company's principal activity is the holding of investments.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Alpha House, Lawnswood Business Park, Redvers Close, Leeds, LS16 6QY.

##### **1.2 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been consistently applied:

##### **1.3 Going concern**

The Company has access to considerable financial resources and has rigorous procedures for identifying, quantifying and mitigating all aspects of risk relevant to the business.

In light of these factors the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **1.4 Cash flow**

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Brenntag AG, includes the Company's cash flow in its own consolidated financial statements.

##### **1.5 Consolidated financial statements**

The Company is itself a wholly owned subsidiary company of Brenntag France Holding SAS and of its ultimate parent company Brenntag AG. It is included in the consolidated financial statements of Brenntag AG, which are publicly available. Therefore the Company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006.

These financial statements are the Company's separate financial statements.

##### **1.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

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## BRENNTAG UK HOLDING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 1.9 Financial instruments

The Company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

###### (i) Financial Assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying value would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flow from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

###### (ii) Financial Liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where debt instruments are measured at the present value of the future receipts discounted at a market rate of interest. Such liabilities are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised as a pre-payment and amortised over the period of the facility to which the loan relates.



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## BRENNTAG UK HOLDING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.9 Financial instruments (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in finance costs or income as appropriate.

##### 1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 1.11 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'interest receivable or payable'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within operating profit.

##### 1.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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## BRENNTAG UK HOLDING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.14 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### 1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 1.16 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned, as permitted under FRS 102.

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## **BRENNTAG UK HOLDING LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are continually evaluated and are based on historical experience and other factors that are considered to be relevant.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

##### **(i) Impairment of investments**

The Company annually test for impairment of its investments. Impairment testing is an area involving judgement requiring assessment as to whether the carrying value of the investment can be supported by its recoverable amount. In calculating the recoverable amount, assumptions are required to be made in respect of uncertain matters, including the directors' expectations of:

- future levels of EBITDA and working capital;
- timing and quantum of future capital expenditure; and
- expectation of fair market value of the investment, net of disposal costs to an unrelated party.

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**BRENNTAG UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**3. OTHER OPERATING INCOME**

	2017 £000	2016 £000
Sundry income	-	600

**4. AUDITORS' REMUNERATION**

All audit costs for this company are borne by a fellow group company.

**5. EMPLOYEES**

The Company has no employees (2016 - nil) other than the directors, who did not receive any remuneration for their services to Brenntag UK Holding Limited (2016 - £nil).

**6. INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	2017 £000	2016 £000
Dividends receivable from subsidiary undertakings	43,537	20,761

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2017 £000	2016 £000
Interest receivable from group undertakings	313	1,634
Gain on derivative financial instruments	-	673
	313	2,307

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**BRENNTAG UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017 £000	2016 £000
Loans from group undertakings	10,487	10,679
Loss on derivative financial instruments	271	-
	<u>10,758</u>	<u>10,679</u>

**9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2017 £000	2016 £000
<b>Current tax</b>		
UK corporation tax charge on profit for the year	-	-
	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(52)	134
Changes to tax rates	-	(3)
	<u>(52)</u>	<u>131</u>
<b>Total deferred tax</b>	<u>(52)</u>	<u>131</u>
	<u>(52)</u>	<u>131</u>
<b>Tax on profit on ordinary activities</b>	<u>(52)</u>	<u>131</u>

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**BRENNTAG UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**9. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before taxation	21,112	9,874
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	4,064	1,975
<b>Effects of:</b>		
Non-tax deductible impairment	2,293	620
Re-measurement of deferred tax - change in UK tax rate	-	(3)
Dividends from UK companies	(8,381)	(4,152)
Other differences leading to a decrease in the tax charge	-	(1)
Group relief	1,972	1,692
<b>Total tax (credit)/charge for the year</b>	<b>(52)</b>	<b>131</b>

**10. DIVIDENDS**

	2017 £000	2016 £000
Interim paid: £18,176.74 (2016: £20,761) per £1 ordinary share	18,177	20,761

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**BRENNTAG UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**11. INVESTMENTS**

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2017	251,833
Additions (note 18)	118,522
Disposals (see below)	(1,396)
At 31 December 2017	<u>368,959</u>
<b>Impairment</b>	
At 1 January 2017	3,100
Charge for the year	11,912
Impairment on disposals	(1,396)
At 31 December 2017	<u>13,616</u>
<b>Net Book Value</b>	
At 31 December 2017	<u><u>355,343</u></u>
At 31 December 2016	<u><u>248,733</u></u>

During the year, the group continued its ongoing project to streamline its group structure, resulting in the following key achievements in the year:

- Subsidiary balance sheets were simplified and outstanding reserves balances eliminated via dividend distributions, resulting in corresponding impairment charges of £11,412,000;
- This ongoing exercise facilitated the voluntary strike off of a number of non-trading subsidiaries as detailed later in this note; and
- On 30 June 2017 a business transfer from Brenntag Inorganic Chemicals (Thetford) Limited (BICTL) to Brenntag UK Limited, both 100% direct subsidiaries of the Company, took place. Following this transaction BICTL remained non-trading and the directors considered it appropriate to write down the carrying value of its investment in that company by £500,000.

The directors believe that the carrying value of investments shown above is supported by their underlying net assets and expected future cash flows.

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**BRENNTAG UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**11. INVESTMENTS (CONTINUED)****DIRECT SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
A1 Cake Mixes Limited	Ordinary	50 %	Import and distribution of food and bakery ingredients
Brenntag Chemicals Distribution (Ireland) Limited	Ordinary	100 %	Chemical distribution
Brenntag Colours Limited	Ordinary	100 %	Non-trading
Brenntag Inorganic Chemicals Limited	Ordinary	100 %	Intermediate holding company
Brenntag Inorganic Chemicals (Thetford) Limited	Ordinary	100 %	Non-trading
Brenntag UK Limited	Ordinary	100 %	Chemical distribution
Brenntag UK Group Limited (see 1 below)	Ordinary	100 %	Non-trading
Kluman and Balter Limited	Ordinary	100 %	Import and distribution of food and bakery ingredients
Multisol Chemicals Limited (see 2 below)	Ordinary	100 %	Non-trading
Multisol Eclipse Limited (formerly Multisol Group Limited) (see 3 below)	Ordinary	100 %	Non-trading
Multisol Limited	Ordinary	100 %	Specialised solvents & oils
Water Treatment Solutions Limited (see 4 below)	Ordinary	100 %	Non trading

(1) - An application for voluntary strike off of Brenntag UK Group Limited was made on 21 August 2017, the company was formally dissolved on the 14 November 2017.

(2) - An application for voluntary strike off of Multisol Chemicals Limited was made on 18 September 2017, the company was formally dissolved on the 12 December 2017.

(3) - An application for voluntary strike off of Multisol Eclipse Limited (previously Multisol Group Limited) was made on 2 October 2017, the company was formally dissolved on 2 January 2018.

(4) - On 25 August 2017, the Company passed a special resolution to wind up Water Treatment Solutions Limited, a liquidator was appointed on 13 September 2017.



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**BRENNTAG UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**11. INVESTMENTS (CONTINUED)****INDIRECT SUBSIDIARY UNDERTAKINGS**

The following were indirect subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
A1 Cake Mixes Limited	Ordinary	50 %	Import and distribution of food and bakery ingredients
Multisol EBT Limited (see 1 below)	Ordinary	100 %	Dormant company
Multisol Europe Limited	Ordinary	100 %	Oil additives
Multisol Group Limited (formerly Multisol Holdings Limited)	Ordinary	100 %	Intermediate holding company
Multisol Mauritius Limited	Ordinary	100 %	Specialised solvents & oils
Multisol South Africa (Pty) Limited	Ordinary	100 %	Specialised solvents & oils
Murgatroyd's Salt & Chemical Company Limited	Ordinary	100 %	Non trading
OOO Multisol	Ordinary	100 %	Oil additives
Tradefirm 100 (Pty) Limited (see 2 below)	Ordinary	100 %	Specialised solvents & oils

(1) - An application for voluntary strike off of Multisol EBT Limited was made on 18 August 2017, the company was formally dissolved on the 14 November 2017.

(2) As part of a wider Brenntag entity amalgamation exercise in South Africa, Tradefirm 100 (Pty) Limited ceased to be an indirect subsidiary undertaking of the Company on 1 October 2017 when 100% of its share capital was transferred to Brenntag (Holding) BV.

<b>Name</b>	<b>Registered office</b>
A1 Cake Mixes Limited	55 Westburn Drive, Cambuslang, Glasgow, Scotland, G72 7NA
Brenntag Chemicals Distribution (Ireland) Limited	First Floor, Riverside Two, Sir John Rogerson's Quay, Dublin 2, Ireland
Brenntag Colours Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY
Brenntag Inorganic Chemicals Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY
Brenntag Inorganic Chemicals (Thetford) Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY

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**BRENNTAG UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**11. INVESTMENTS (CONTINUED)**

Brenntag UK Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY
Kluman and Balter Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY
Multisol Chemicals Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY
Multisol EBT Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY
Multisol Eclipse Limited (formerly Multisol Group Limited)	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY
Multisol Europe Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY
Multisol Group Limited (formerly Multisol Holdings Limited)	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY
Multisol Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY
Multisol Mauritius Limited	Suite 510, 5th Floor Barkley Wharfe, Le Caudan Waterfront, Port-Louis, Mauritius
Multisol South Africa (Pty) Limited	3rd Floor, Tygervalley Chambers, One Willie Van Schoor Dr, Belville, 7550 Cape Town, South Africa
Murgatroyd's Salt & Chemical Company Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY
OOO Multisol	Eniseysjay Str, 1, Build 1, Moscow 129344, Russian Federation
Tradefirm 100 (Pty) Limited	3rd Floor, Tygervalley Chambers, One Willie Van Schoor Dr, Belville, 7550 Cape Town, South Africa
Water Treatment Solutions Limited	C/O KPMG LLP, 8 Princes Parade, Liverpool, L3 1QH

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**BRENNTAG UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**12. DEBTORS**

	2017 £000	2016 £000
<b>Amounts falling due after more than one year</b>		
Amounts owed by group undertakings	11,539	41,920
Other debtors	-	1,047
	<u>11,539</u>	<u>42,967</u>
	2017 £000	2016 £000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	-	3,629
Other debtors	1,050	-
Derivative financial instruments	102	373
	<u>1,152</u>	<u>4,002</u>

Amounts owed by group undertakings are unsecured, interest is charged at market rate and repayment terms are as stated in the respective loan agreements.

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**BRENNTAG UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**13. CREDITORS: Amounts falling due within one year**

	2017 £000	2016 £000
Amounts owed to group undertakings	51,085	1,375
Other creditors	1,876	-
Accruals and deferred income	634	-
	<u>53,595</u>	<u>1,375</u>

Amounts owed to group undertakings are unsecured, interest is charged at market rate and repayment terms are as stated in the respective loan agreements.

**14. CREDITORS: Amounts falling due after more than one year**

	2017 £000	2016 £000
Amounts owed to group undertakings	238,066	233,204
Other creditors	13,968	1,047
	<u>252,034</u>	<u>234,251</u>

Amounts owed to group undertakings are unsecured, interest is charged at market rate and repayment terms are as stated in the respective loan agreements.

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**BRENNTAG UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**15. FINANCIAL INSTRUMENTS**

The Company has the following financial instruments:

	2017 £000	2016 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit and loss	622	16
Derivative financial instruments measured at fair value through profit and loss	102	373
Financial assets that are debt instruments measured at amortised cost	12,589	46,596
	<u>13,313</u>	<u>46,985</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>304,995</u>	<u>235,626</u>

Financial assets measured at fair value through profit and loss represent cash at bank and in hand.

Financial assets measured at amortised cost comprise amounts owed by group undertakings and other receivables.

Financial Liabilities measured at amortised cost comprise amounts owed to group undertakings and other creditors.

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**BRENNTAG UK HOLDING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**16. DEFERRED TAXATION**

	£000
At 1 January 2017	71
Movement in the year	(52)
At 31 December 2017	<u>19</u>

The provision for deferred taxation is made up as follows:

	2017 £000	2016 £000
Derivative financial instruments	<u>19</u>	<u>71</u>

**17. CALLED UP SHARE CAPITAL**

	2017 £000	2016 £000
<b>Allotted, called up and fully paid</b>		
1,000 (2016 - 1,000) Ordinary shares of £1 each	<u>1</u>	<u>1</u>

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## **BRENNTAG UK HOLDING LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **18. ACQUISITIONS**

On 15 December 2017, the Company acquired 100% of the issued ordinary share capital of Kluman & Balter Limited and its associate A1 Cake Mixes Limited for an initial cash consideration of £58,393,000 which was financed by a loan from a fellow subsidiary company and surplus cash resources.

The terms of the Sale and Purchase Agreement (SPA) provide for certain circumstances whereby additional amounts of consideration would become payable to the sellers. Such additional consideration principally relates to the future performance of the business and the crystallisation of future taxation effects relating to particular specified events set out in the SPA. An additional £14,433,000 has been included within the investment representing the fair value of this contingent consideration.

In addition to the above acquisition, certain intra-group shareholdings were reorganised during the year, in order to streamline and simplify the group investment and loan structures. In connection with this process, the Company acquired certain group investments from other subsidiary companies, this resulted in an increase in investments of £45,696,000.

#### **19. RELATED PARTY TRANSACTIONS**

The Company is exempt under FRS 102 from disclosing related party transactions with members of the same group that are wholly owned. There have been no other related party transactions.

#### **20. CONTROLLING PARTY**

The Company's immediate parent company is Brenntag France Holding SAS which is registered in France.

The Company's ultimate parent company and controlling entity is Brenntag AG which is incorporated in Germany.

Brenntag AG is the parent undertaking of the smallest and largest group to consolidate these financial statements at 31 December 2017. The consolidated financial statements of Brenntag AG are available from their registered office, at Messeallee 11, D-45131, Essen, Germany.