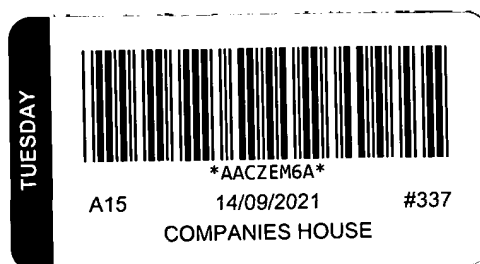


Registered number: 05777067

BRENNTAG UK HOLDING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



BRENNTAG UK HOLDING LIMITED

COMPANY INFORMATION

DIRECTORS

R Argo
C Blomme
M Gratton
R Ward

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

BRENNTAG UK HOLDING LIMITED

CONTENTS

	Page(s)
Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 27

BRENNTAG UK HOLDING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

The directors present their Strategic Report for the year ended 31 December 2020.

BUSINESS REVIEW

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

During the year the Company streamlined its organisational structure, with the formal dissolution of Glenalmond Holdings Limited on 22 September 2020. The removal of the obsolete subsidiary reduces unnecessary administrative burden.

The financial results are summarised on page 10. The directors are satisfied with the net asset position of the Company at the year end, as disclosed on page 11.

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 are confident 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. In particular the Company's trading subsidiaries face risks caused by the stability of the political and economic environment.

Economic downturns may have a negative impact on the sales and gross profit of the Company's trading subsidiaries. The Coronavirus pandemic continues to pose a risk to the global economy and as a result, our future business performance remains uncertain. The key deciding factors will be how long the pandemic lasts, how fast the economy can recover and how swiftly the Group can restore supply chains in the event of disruption. The Group will continue to analyze the risks the pandemic poses but the directors believe that the Brenntag UK and Ireland Group is well placed to react quickly and minimise any future negative impact or disruption from the pandemic.

The impact on economic performance from the United Kingdom's withdrawal from the European Union cannot yet be fully determined. The free trade agreements decided between the parties provides for zero tariffs and therefore averts significant barriers to trade. However the United Kingdom's departure from the EU customs union could result in delays on imports and exports. Regulatory changes could also impact negatively on our business. The specific effects of the agreement on the Group's business are being worked on by a cross-unit Brexit taskforce and suitable measures are being prepared to ensure that the Group adapts swiftly to any changes necessitated by Brexit.

BRENNTAG UK HOLDING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

KEY PERFORMANCE INDICATORS

The Company monitors its subsidiaries' operational performance using a suite of KPIs. Aside from pure financial indicators there are measures of health and safety performance and customer service around product availability and delivery performance.

As a non-trading holding company, the directors believe that the principal measures for assessing Brenntag UK Holding Limited's individual company performance is profit before taxation.

	2020 £000	2019 £000	Change £000	Change %
Profit before taxation	11,443	18,099	(6,656)	-36.78%
Profit before taxation (excluding exceptional items)	11,443	10,899	544	+4.99%

2020 was an exceptional year, with the Coronavirus pandemic severely impacting the global economy. Despite these unprecedented market conditions, overall, the Company's trading subsidiaries performed well, enabling them to distribute dividends at levels consistent with the prior year.

During 2019, the Company realised income of £7,200,000 in accordance with provisions of the 2017 Sale and Purchase Agreement for the acquisition of Kluman and Balter Limited and A1 Cake Mixes Limited, through the release of accrued contingent consideration not payable. Excluding the exceptional item, profit before taxation increased by 4.99%, given the difficult operating conditions the group faced during the year, the directors are extremely pleased with this performance.

BRENNTAG UK HOLDING LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

Under section 172(1) of the Companies Act 2006, the Board has a duty to act in good faith and in a way that would be most likely to promote the success of the Company for the benefit of its shareholder whilst having regard to matters set out in S172(1) (a-f) of the Act:

- (a) the likely long term consequences of decisions;
- (b) the interest of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business and conduct; and
- (f) the need to act fairly as between the Company's owners.

To discharge their section 172(1) duties the Board had regard to the factors set out above in making the principal decisions taken by the Company.

The Company is the UK parent company of the Brenntag UK & Ireland group of companies, has no employees, or external customers and very few external suppliers, therefore the Board primarily considers the interests of its sole member and ultimate parent company, Brenntag SE with regard to performing their duties under S172(1). All Board decisions made during the year were made to promote the long term success of both the Company and its ultimate parent company and were in line with the strategic goals and objectives of the group.

Developments during the year

The Board made a number of key decisions on behalf of the Company during the year and throughout the decision making process considered the impact on the Company's stakeholders. The principal decisions included:

The approval of an interim dividend payment to its immediate parent. The Board considered the long term consequences of paying up its distributable reserves and considered on balance it was in the best interest of its stakeholders as a whole.

The Board also approved the formal dissolution of the Company's subsidiary, Glenalmond Holdings Limited, an obsolete holding company. When approving any group restructuring the Board considers the impact on the Company's stakeholders and the stakeholders of the wider Brenntag Group. The Company's ultimate parent company Brenntag SE, is actively involved in such decisions through a formal and comprehensive approval process. The Board believe the streamlining of the group's organisational structure will reduce administrative burden, enabling resources to concentrate on promoting the long term success of the business. The decision was considered to be in the best interest of both the Company's shareholder and the wider group's business partners and employees.

This report was approved by the Board on 3 September 2021 and signed on its behalf.

M Gratton
Director



BRENNTAG UK HOLDING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting 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;
- 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. 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.

RESULTS AND DIVIDENDS

The results for the year are reviewed in the Strategic Report on page 1. The profit for the financial year, after taxation, amounted to £11,683,000 (2019 - £17,962,000). Dividends were paid during the year totalling £17,450,000 (2019 - £18,198,000). The directors do not recommend the payment of a final dividend (2019 - £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
C Blomme
M Gratton
R Ward

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.

BRENNTAG UK HOLDING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

FINANCIAL RISK MANAGEMENT

Currency Risk:

Currency risk at a transactional level is managed through the regular forecasting of future currency flows. The Company hedges these flows by using derivative instruments where applicable.

Interest Risk:

Intercompany loan structures are managed at a group level, interest rates are based on external market rates. Interest risks are mainly managed by the Brenntag Group treasury department. The group hedges such risks by using various derivative instruments, this permits a balancing of risks for the Company and throughout the group.

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.

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 3 September 2021 and signed on its behalf.

M Gratton
Director



Independent auditors' report to the members of Brenntag UK Holding Limited

Report on the audit of the financial statements

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 2020 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 FRS 102 "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 2020; the Statement of Comprehensive Income and the Statement 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.

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 includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Brenntag UK Holding Limited (continued)

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 or, 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 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 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 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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2020 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, 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.

Independent auditors' report to the members of Brenntag UK Holding Limited (continued)

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting entries to manipulate the financial statements and the use of overly optimistic assumptions within investment impairment assessments. Audit procedures performed by the engagement team included:

- testing financial statement balances to supporting documentation;
- enquiring with management and those charged with governance to understand the relevant laws and regulations applicable to the company, and their assessment of fraud related risks; and
- challenge of key assumptions and judgements used within the investment impairment assessments, with corroboration to supporting documentation, and use of our PwC Valuations experts in determining an acceptable range for the discount rates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. This description forms part of our auditors' report.

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.

Independent auditors' report to the members of Brenntag UK Holding Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.



Rebecca Gissing (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
6 September 2021

BRENNTAG UK HOLDING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Administrative expenses		(471)	(1,264)
Other operating income		624	543
Operating profit /(loss)		153	(721)
Income from shares in group undertakings	5	18,453	18,175
Interest receivable and similar income	6	-	695
Reduction in contingent consideration		-	7,200
Amounts written off investments	10	(254)	-
Interest payable and similar expenses	7	(6,909)	(7,250)
Profit before taxation		11,443	18,099
Tax on profit	8	240	(137)
Profit for the financial year		11,683	17,962

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of Comprehensive Income.

The notes on pages 13 to 27 form part of these financial statements.

BRENNTAG UK HOLDING LIMITED
REGISTERED NUMBER: 05777067

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	10	369,825	369,338
		<u>369,825</u>	<u>369,338</u>
Current assets			
Debtors: amounts falling due after more than one year	11	300	500
Debtors: amounts falling due within one year	11	534	314
Cash at bank and in hand		6,523	13
		<u>7,357</u>	<u>827</u>
Creditors: amounts falling due within one year	12	(2,076)	(1,016)
Net current assets/(liabilities)		<u>5,281</u>	<u>(189)</u>
Total assets less current liabilities		<u>375,106</u>	<u>369,149</u>
Creditors: amounts falling due after more than one year	13	(277,904)	(266,180)
Net assets		<u><u>97,202</u></u>	<u><u>102,969</u></u>
Capital and reserves			
Called up share capital	16	49,411	49,411
Share premium account		20,582	20,582
Profit and loss account		27,209	32,976
Total shareholders' funds		<u><u>97,202</u></u>	<u><u>102,969</u></u>

The financial statements on pages 10 to 27 were approved by the board on 3 September 2021. and were signed on its behalf by:



M Gratton
Director

The notes on pages 13 to 27 form part of these financial statements.

BRENNTAG UK HOLDING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2019	49,411	20,582	33,212	103,205
Comprehensive income for the year				
Profit for the financial year	-	-	17,962	17,962
Total comprehensive income for the year	-	-	17,962	17,962
Dividends: equity capital	-	-	(18,198)	(18,198)
Total transactions with owners	-	-	(18,198)	(18,198)
At 31 December 2019 and 1 January 2020	49,411	20,582	32,976	102,969
Comprehensive income for the year				
Profit for the financial year	-	-	11,683	11,683
Total comprehensive income for the year	-	-	11,683	11,683
Dividends: equity capital	-	-	(17,450)	(17,450)
Total transactions with owners	-	-	(17,450)	(17,450)
At 31 December 2020	49,411	20,582	27,209	97,202

The notes on pages 13 to 27 form part of these financial statements.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 in England & Wales. 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.

The directors have carried out a robust assessment of the risks facing both the Company and the UK Group of Companies of which it forms part of. The directors have prepared sensitivity analysis to assess the Company's cash flows based on different scenarios including a severe downturn in the UK economy. The cashflows cover the period to 31st December 2022 and in each scenario both the Company and the UK Group of Companies maintains substantial liquidity.

Having considered the sensitivity analysis the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, 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 SE, includes the Company's cash flow in its own consolidated financial statements.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (CONTINUED)

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 SE. It is included in the consolidated financial statements of Brenntag SE, 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.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Other long term receivables 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 other debtors, loans to fellow group companies, 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.

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Financial instruments (continued)

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 other creditors 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.

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 long term financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (CONTINUED)

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, 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 profit or loss 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.

1.14 Interest income

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

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (CONTINUED)

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income.

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.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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.

Critical judgements in applying the entity's accounting policies

The directors believe that none of the judgements applied would have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

Critical accounting assumptions and estimates

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 tests its investments for impairment. Impairment testing is an area involving judgement and assessment as to whether the carrying value of the investment can be supported by its recoverable amount. The cash flow forecasts used for the impairment testing at the year end were derived from the budget for 2021 and a long term plan for the years 2022 to 2025. The growth rates used in the forecast are based on management's past experience and expectations as to future trends in markets and costs, as well as consideration of the macroeconomic environment. The cash flows are discounted using the Brenntag region specific WACC. In calculating the recoverable amount, assumptions are required to be made in respect of uncertain matters, including:

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

3. AUDITORS' REMUNERATION

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	12	6

All audit costs for the Company, for the current and prior year, are borne by Brenntag UK Limited, a fellow group company. No recharge is made between the companies.

4. EMPLOYEES

The Company has no employees (2019 - nil) other than the directors. The directors are wholly remunerated through Brenntag UK Limited, a fellow group company.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2020 £000	2019 £000
Dividends received from subsidiary undertakings	18,453	18,175

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £000	2019 £000
Gain on derivative financial instruments	-	695

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £000	2019 £000
On loans from group undertakings	5,674	7,095
Loss on derivative financial instruments	1,235	-
Other interest payable	-	155
	6,909	7,250

8. TAX ON PROFIT

	2020 £000	2019 £000
Current tax		
UK corporation tax charge on profit for the year	-	-
Deferred tax		
Origination and reversal of timing differences	(216)	132
Changes to tax rates	(24)	5
Total deferred tax	(240)	137
Tax on profit	(240)	137

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. TAX ON PROFIT (CONTINUED)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit before taxation	11,443	18,099
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,174	3,439
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	48	189
Re-measurement of deferred tax - change in UK tax rate	(5)	5
Non-taxable income	-	(1,368)
Dividends from UK companies	(3,506)	(3,453)
Group relief	1,049	1,325
Total tax (credit)/charge for the year	(240)	137

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, given the deferred tax asset is expected to unwind before 1 April 2023, the future increase in tax rate has no impact on the current year end tax charge or year end deferred tax asset.

9. DIVIDENDS

	2020 £000	2019 £000
Interim paid: 35.32p (2019: 36.83p) per £1 ordinary share	17,450	18,198

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. INVESTMENTS

	Investments in subsidiary companies £000
Cost	
At 1 January 2020	372,938
Additions	1,341
Disposals	(854)
At 31 December 2020	<u>373,425</u>
Impairment	
At 1 January 2020	<u>3,600</u>
Charge for the period	254
Impairment on disposals	(254)
At 31 December 2020	<u>3,600</u>
Net book value	
At 31 December 2020	<u><u>369,825</u></u>
At 31 December 2019	<u><u>369,338</u></u>

In the prior year the Company acquired 100% of the share capital of Glenalmond Holdings Limited and its trading subsidiary Tan International Limited. As a result of finalising the completion mechanism of the acquisition, the consideration was adjusted, resulting in a decrease in investments of £600,000.

During the year the Company completed a project to streamline its group structure, resulting in the formal dissolution of Glenalmond Holdings Limited. The project involved simplifying the subsidiary's balance sheet and eliminating any outstanding reserves via a dividend distribution, this resulted in a corresponding impairment charge of £254,000. The restructuring also resulted in Brenntag UK Holding Limited becoming the immediate parent company of Tan International Limited, which increased its investment value by £1,341,000.

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

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. INVESTMENTS (CONTINUED)**Direct subsidiary undertakings**

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
A1 Cake Mixes Limited	55 Westburn Drive, Cambuslang, Glasgow, Scotland, G72 7NA	Import and distribution of food and bakery ingredients	Ordinary	50%
Brenntag Chemicals Distribution (Ireland) Limited	First Floor, Riverside Two, Sir John Rogerson's Quay, Dublin 2, Ireland	Chemical distribution	Ordinary	100%
Brenntag Colours Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Non-trading	Ordinary	100%
Brenntag Inorganic Chemicals Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Intermediate holding company	Ordinary	100%
Brenntag Inorganic Chemicals (Thetford) Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Non-trading	Ordinary	100%
Brenntag UK Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Chemical distribution	Ordinary	100%
Glenalmond Holdings Limited (see 1 below)	55 Westburn Drive, Cambuslang, Glasgow, Scotland, G72 7NA	Intermediate holding company		100%
Kluman and Balter Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Import and distribution of food and bakery ingredients	Ordinary	100%
Multisol Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Specialised solvents & oils	Ordinary	100%
Tan International Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Chemical distribution	Ordinary	100%

BRENNTAG UK HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. INVESTMENTS (CONTINUED)**Indirect subsidiary undertakings**

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
A1 Cake Mixes Limited	55 Westburn Drive, Cambuslang, Glasgow, Scotland, G72 7NA	Import and distribution of food and bakery ingredients	Ordinary	50%
Multisol Europe Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Oil additives	Ordinary	100%
Multisol Group Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Intermediate holding company	Ordinary	100%
Multisol Mauritius Limited	Suite 510, 5th Floor Barkly Wharfe, Le Caudan Waterfront, Port-Louis, Mauritius	Specialised solvents & oils	Ordinary	100%
Multisol South Africa (Pty) Limited	3rd Floor, Tygervally Chambers, One Willie Van Schoor Dr, Belville, 7550 Cape Town, South Africa	Specialised solvents & oils	Ordinary	100%
Murgatroyd's Salt & Chemical Company Limited	Alpha House, Lawnswood Business Park, Redvers Close, Leeds, West Yorkshire, LS16 6QY	Non-trading	Ordinary	100%
OOO Multisol	Eniseysjay Str, 1, Build 1, Moscow 129344, Russian Federation	Specialised solvents & oils	Ordinary	100%

(1) Glenalmond Holdings Limited was formally dissolved on 22 September 2020.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. DEBTORS

	2020 £000	2019 £000
Amounts falling due after more than one year		
Other debtors	300	500
	<u>300</u>	<u>500</u>
Amounts falling due within one year		
Amounts owed by group undertakings	37	37
Other debtors	200	220
Deferred taxation	297	57
	<u>534</u>	<u>314</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.

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. CREDITORS: Amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to group undertakings	46	-
Other creditors	200	250
Derivative financial instruments	1,728	328
Accruals and deferred income	102	438
	<u>2,076</u>	<u>1,016</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.

13. CREDITORS: Amounts falling due after more than one year

	2020 £000	2019 £000
Amounts owed to group undertakings	277,604	265,680
Other creditors	300	500
	<u>277,904</u>	<u>266,180</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.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2020 £000	2019 £000
Repayable other than by instalments	-	57,429

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14. FINANCIAL INSTRUMENTS

	2020 £000	2019 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	7,060	770
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	1,728	328
Financial liabilities measured at amortised cost	278,150	266,430
	279,878	266,758

Financial assets measured at amortised cost comprise cash at bank and in hand, amounts owed by group undertakings and other debtors.

Derivative financial instruments measured at fair value comprise foreign currency contracts to mitigate the exchange risk of certain foreign currency liabilities. At 31 December 2020, the outstanding contracts all mature within 3 months (2019 - 3 months) of the balance sheet date.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key input used in valuing the derivative is GBP:EUR exchange rate at the balance sheet date.

The Company has no interest rate derivative financial instruments (2019 - none).

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

BRENNTAG UK HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. DEFERRED TAXATION

	£000
At 1 January 2020	57
Movement in the year	240
At 31 December 2020	<u>297</u>

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Derivative financial instruments	<u>297</u>	<u>57</u>

16. CALLED UP SHARE CAPITAL

	2020 £000	2019 £000
Allotted, called up and fully paid		
49,410,871 (2019 - 49,410,871) ordinary shares of £1 each	<u>49,411</u>	<u>49,411</u>

17. 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.

18. 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 SE which is incorporated in Germany.

Brenntag SE is the parent undertaking of the smallest and largest group to consolidate these financial statements at 31 December 2020. The consolidated financial statements of Brenntag SE are available from their registered office, at Messeallee 11, D-45131, Essen, Germany.