MCR Safety was one of 50 safety businesses acquired since 2000. For details on the 2021 acquisitions see Note 28.

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Financial Statements

Consolidated income statement

for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Revenue	4	**10,285.1**	10,111.1
Operating profit	4	**623.3**	618.5
Finance income	6	**10.7**	10.4
Finance expense	6	**(65.3)**	(73.2)
Profit before income tax		**568.7**	555.7
Income tax	7	**(125.9)**	(125.7)
Profit for the year attributable to the Company's equity holders		**442.8**	430.0
Earnings per share attributable to the Company's equity holders			
Basic	8	**132.7p**	128.8p
Diluted	8	**131.8p**	128.3p

Alternative performance measures†			
Operating profit	4	**623.3**	618.5
Adjusted for:			
Customer relationships and brands amortisation	4	**106.5**	100.4
Acquisition related items	4	**23.0**	42.7
Non-recurring pension scheme charges	4	**–**	16.8
Adjusted operating profit		**752.8**	778.4
Finance income	6	**10.7**	10.4
Finance expense	6	**(65.3)**	(73.2)
Adjusted profit before income tax		**698.2**	715.6
Tax on adjusted profit	7	**(155.7)**	(165.1)
Adjusted profit for the year		**542.5**	550.5
Adjusted earnings per share	8	**162.5p**	164.9p

† See Note 3 on page 170 for further details of the alternative performance measures.

The Accounting policies and other Notes on pages 162 to 204 form part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Profit for the year		**442.8**	430.0
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes	23	**74.1**	(16.2)
Gain/(loss) recognised in cash flow hedge reserve		**4.4**	(8.5)
Tax on items that will not be reclassified to profit or loss	7	**(19.3)**	4.6
Total items that will not be reclassified to profit or loss		**59.2**	(20.1)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations		**(89.8)**	(63.5)
Gain/(loss) taken to equity as a result of effective net investment hedges		**11.5**	(15.9)
Tax on items that may be reclassified to profit or loss	7	**–**	0.3
Total items that may be reclassified subsequently to profit or loss		**(78.3)**	(79.1)
Other comprehensive expense for the year		**(19.1)**	(99.2)
Total comprehensive income attributable to the Company's equity holders		**423.7**	330.8

Consolidated balance sheet

at 31 December 2021

	Notes	2021 £m	2020 £m
Assets			
Property, plant and equipment	9	**120.9**	122.7
Right-of-use assets	10	**448.3**	453.4
Intangible assets	11	**2,766.8**	2,441.9
Defined benefit pension assets	23	**63.6**	0.4
Derivative financial assets		**6.9**	17.0
Deferred tax assets	18	**2.8**	2.5
Total non-current assets		**3,409.3**	3,037.9
Inventories	13	**1,474.0**	1,432.2
Trade and other receivables	14	**1,431.0**	1,395.8
Income tax receivable		**8.0**	6.6
Derivative financial assets		**14.9**	12.6
Cash at bank and in hand	26	**776.9**	944.3
Total current assets		**3,704.8**	3,791.5
Total assets		**7,114.1**	6,829.4
Equity			
Share capital	19	**108.4**	108.3
Share premium		**194.2**	187.7
Translation reserve		**(269.2)**	(190.9)
Other reserves		**19.0**	14.3
Retained earnings		**2,151.5**	1,799.7
Total equity attributable to the Company's equity holders		**2,203.9**	1,919.1
Liabilities			
Interest bearing loans and borrowings	26	**1,433.7**	1,615.2
Defined benefit pension liabilities	23	**32.4**	45.2
Other payables	15	**72.9**	50.2
Income tax payable		**1.5**	2.0
Provisions	17	**56.3**	55.7
Lease liabilities	25	**359.6**	368.4
Derivative financial liabilities		**27.9**	0.8
Deferred tax liabilities	18	**151.0**	105.1
Total non-current liabilities		**2,135.3**	2,242.6
Bank overdrafts	26	**551.6**	514.6
Interest bearing loans and borrowings	26	**111.9**	79.9
Trade and other payables	15	**1,921.3**	1,836.3
Income tax payable		**42.1**	75.7
Provisions	17	**8.5**	8.5
Lease liabilities	25	**129.1**	129.1
Derivative financial liabilities		**10.4**	23.6
Total current liabilities		**2,774.9**	2,667.7
Total liabilities		**4,910.2**	4,910.3
Total equity and liabilities		**7,114.1**	6,829.4

Approved by the Board of directors of Bunzl plc (Company registration number 358948) on 28 February 2022 and signed on its behalf by Frank van Zanten, Chief Executive Officer and Richard Howes, Chief Financial Officer.

Consolidated statement of changes in equity

for the year ended 31 December 2021

				Other reserves			Retained earnings		
	Share capital £m	Share premium £m	Translation reserve £m	Merger £m	Capital redemption £m	Cash flow hedge £m	Own shares £m	Earnings £m	Total equity £m
At 1 January 2021	**108.3**	**187.7**	**(190.9)**	**2.5**	**16.1**	**(4.3)**	**(73.4)**	**1,873.1**	**1,919.1**
Profit for the year								**442.8**	**442.8**
Actuarial gain on defined benefit pension schemes								**74.1**	**74.1**
Foreign currency translation differences on foreign operations			**(89.8)**						**(89.8)**
Gain taken to equity as a result of effective net investment hedges			**11.5**						**11.5**
Gain recognised in cash flow hedge reserve						**4.4**			**4.4**
Income tax charge on other comprehensive income			**–**			**(0.8)**		**(18.5)**	**(19.3)**
Total comprehensive income			**(78.3)**			**3.6**		**498.4**	**423.7**
2020 interim dividend								**(52.8)**	**(52.8)**
2020 final dividend								**(127.6)**	**(127.6)**
Movement from cash flow hedge reserve to inventory						**1.1**			**1.1**
Issue of share capital	**0.1**	**6.5**							**6.6**
Employee trust shares							**15.5**		**15.5**
Movement on own share reserves							**5.0**	**(5.0)**	**–**
Share based payments								**18.3**	**18.3**
At 31 December 2021	**108.4**	**194.2**	**(269.2)**	**2.5**	**16.1**	**0.4**	**(52.9)**	**2,204.4**	**2,203.9**

				Other reserves			Retained earnings		
	Share capital £m	Share premium £m	Translation reserve £m	Merger £m	Capital redemption £m	Cash flow hedge £m	Own shares £m	Earnings £m	Total equity £m
At 1 January 2020	108.3	184.0	(111.8)	2.5	16.1	(2.4)	(69.9)	1,617.5	1,744.3
Profit for the year								430.0	430.0
Actuarial loss on defined benefit pension schemes								(16.2)	(16.2)
Foreign currency translation differences on foreign operations			(63.5)						(63.5)
Loss taken to equity as a result of effective net investment hedges			(15.9)						(15.9)
Loss recognised in cash flow hedge reserve						(8.5)			(8.5)
Income tax credit on other comprehensive expense			0.3			1.6		3.0	4.9
Total comprehensive income			(79.1)			(6.9)		416.8	330.8
2019 interim dividend								(51.7)	(51.7)
2019 additional interim dividend								(119.8)	(119.8)
Movement from cash flow hedge reserve to inventory						5.0			5.0
Issue of share capital	–	3.7							3.7
Employee trust shares							(9.4)		(9.4)
Movement on own share reserves							5.9	(5.9)	–
Share based payments								16.2	16.2
At 31 December 2020	108.3	187.7	(190.9)	2.5	16.1	(4.3)	(73.4)	1,873.1	1,919.1

Consolidated cash flow statement

for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Cash flow from operating activities			
Profit before income tax		**568.7**	555.7
Adjusted for:			
net finance expense	6	**54.6**	62.8
customer relationships and brands amortisation	11	**106.5**	100.4
acquisition related items	4	**23.0**	42.7
non-recurring pension scheme charges	4	**–**	16.8
Adjusted operating profit		**752.8**	778.4
Adjustments:			
depreciation and software amortisation	29	**171.2**	171.7
other non-cash items	29	**4.4**	13.2
working capital movement	29	**2.1**	5.0
Cash generated from operations before acquisition related items		**930.5**	968.3
Cash outflow from acquisition related items	28	**(16.0)**	(24.3)
Income tax paid		**(181.4)**	(153.8)
Cash inflow from operating activities		**733.1**	790.2
Cash flow from investing activities			
Interest received		**8.7**	15.1
Purchase of property, plant and equipment and software	9,11	**(32.7)**	(33.1)
Sale of property, plant and equipment		**2.7**	1.2
Purchase of businesses	28	**(436.7)**	(363.2)
Cash outflow from investing activities		**(458.0)**	(380.0)
Cash flow from financing activities			
Interest paid excluding interest on lease liabilities		**(43.5)**	(56.6)
Dividends paid	20	**(180.4)**	(171.5)
Increase in borrowings		**14.5**	444.5
Repayment of borrowings		**(134.9)**	(133.5)
Realised gains/(losses) on foreign exchange contracts		**25.0**	(37.1)
Payment of lease liabilities – principal	25	**(138.6)**	(137.1)
Payment of lease liabilities – interest	25	**(20.3)**	(22.5)
Proceeds from issue of ordinary shares to settle share options		**6.6**	3.7
Proceeds from exercise of market purchase share options		**47.1**	37.0
Purchase of employee trust shares		**(34.2)**	(49.1)
Cash outflow from financing activities		**(458.7)**	(122.2)
(Decrease)/increase in cash and cash equivalents		**(183.6)**	288.0
Cash and cash equivalents at start of year		**429.7**	140.8
(Decrease)/increase in cash and cash equivalents		**(183.6)**	288.0
Currency translation		**(20.8)**	0.9
Cash and cash equivalents at end of year	26	**225.3**	429.7

Consolidated cash flow statement continued

for the year ended 31 December 2021

Alternative performance measures†	Notes	2021 £m	2020 £m
Cash generated from operations before acquisition related items		**930.5**	968.3
Purchase of property, plant and equipment and software		**(32.7)**	(33.1)
Sale of property, plant and equipment		**2.7**	1.2
Payment of lease liabilities	25	**(158.9)**	(159.6)
Operating cash flow		**741.6**	776.8
Adjusted operating profit		**752.8**	778.4
Add back depreciation of right-of-use assets	10	**134.8**	134.8
Deduct payment of lease liabilities	25	**(158.9)**	(159.6)
Lease adjusted operating profit		**728.7**	753.6
Cash conversion (operating cash flow as a percentage of lease adjusted operating profit)		**102%**	103%
Operating cash flow		**741.6**	776.8
Net interest excluding interest on lease liabilities		**(34.8)**	(41.5)
Income tax paid		**(181.4)**	(153.8)
Free cash flow		**525.4**	581.5

† See Note 3 on page 170 for further details of the alternative performance measures.

Notes

1 Basis of preparation

Bunzl plc (the 'Company') is a public company, which is limited by shares and is listed on the London Stock Exchange. The Company is incorporated and domiciled in the United Kingdom and is registered in England and Wales.

a. Basis of accounting

On 31 December 2020, International Financial Reporting Standards ('IFRSs') as adopted by the European Union at that date were brought into UK law and became UK-adopted International Accounting Standards ('IASs'), with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted IASs in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The consolidated financial statements for the year ended 31 December 2021 have been approved by the Board of directors of Bunzl plc. They are prepared in accordance with UK-adopted IASs in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006. The consolidated financial statements also comply fully with IFRSs as issued by the International Accounting Standards Board ('IASB'). They are prepared under the historical cost convention with the exception of certain items which are measured at fair value as described in the accounting policies below.

(i) Going concern

The directors, having reassessed the principal risks and uncertainties, consider it appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

In reaching this conclusion, the directors noted the Group's strong operating cash flow performance in the year and the substantial funding available to the Group as described in the Financial review. The directors also considered a range of different forecast scenarios for the 18 month period from the date of these financial statements to the end of June 2023 starting with a base case projection derived from the Group's 2022 Budget excluding any non-committed acquisition spend or changes in funding. The resilience of the Group to a range of severe but plausible downside scenarios was factored into the directors' considerations through two levels of stress testing against the base case projection.

These severe but plausible downside scenarios included the following assumptions:

- A 10% reduction in adjusted operating profit from the potential for adverse impacts from the crystallisation of the principal strategic and operational risks to the Group's organic growth and a 10% increase in working capital
- A 20% reduction in adjusted operating profit from a more severe impact from the crystallisation of the principal strategic and operational risks to the Group's organic growth and a 20% increase in working capital

In addition, the Group has carried out reverse stress tests against the base case to determine the level of performance that would result in a breach of financial covenants. In order for a breach of covenants to occur during the 18 month period to the end of June 2023 the Group would need to experience a reduction in EBITDA of over 50% compared to the base case.

In the first two stress tests it was found that the Group was resilient and in particular it remained in compliance with the relevant financial covenants. The conditions required to create the reverse stress test scenario were so severe that they were considered to be implausible. The directors are therefore satisfied that the Group's forecasts, which take into account reasonably possible changes in trading performance, show that there are no material uncertainties over going concern, including no anticipated breach of covenants, and therefore the going concern basis of preparation continues to be appropriate.

(ii) Impact of Covid-19 on the financial statements at 31 December 2021

During 2021, the Group has seen a further increase in the level of slow moving inventory with customer demand continuing to be impacted by the pandemic-related restrictions and supply chain disruption resulting in higher levels of inventory. This has resulted in a net charge of approximately £25m in the year to increase slow moving inventory provisions whilst additional provisions were required as a result of market price deflation on certain Covid-19 products. This has been partially offset by a net release of approximately £5m relating to expected credit losses on trade receivables.

Further details on the impact of the Covid-19 pandemic on the financial results for the Group for the year ended 31 December 2021 are included elsewhere in this report, notably in the Chief Executive Officer's review and the Financial review.

b. Newly adopted accounting policies

There are no new standards or amendments to existing standards that are effective that have had a material impact on the Group, nor does the Group anticipate any new or revised standards and interpretations that are effective from 1 January 2022 and beyond to have a material impact on its consolidated results or financial position.

2 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the consolidated financial statements.

a. Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is either exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A list of all of the Company's subsidiary undertakings is included in the Related undertakings note in the Shareholder information section on pages 222 to 230 and is subject to audit. The results of all of the subsidiary undertakings are included in full in these consolidated financial statements.

(ii) Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The consideration paid or payable in respect of acquisitions comprises amounts paid on completion and deferred consideration, excluding payments which are contingent on the continued employment of former owners of businesses acquired. The excess of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill. Payments that are contingent on future employment and transaction costs and expenses such as professional fees are charged to the income statement.

When less than 100% of the issued share capital of a subsidiary is acquired and the acquisition includes an option to purchase the remaining share capital of the subsidiary, the anticipated acquisition method is applied, where judged appropriate to do so based on the risks and rewards associated with the option to purchase, meaning that no non-controlling interest is recognised. A liability is carried on the balance sheet equal to the fair value of the option and this is revised to fair value at each reporting date with differences being recorded in acquisition related items in the income statement.

(iii) Disposal of businesses

Where a subsidiary undertaking is sold, the profit or loss on disposal is calculated as the difference between the aggregate of the fair value of the consideration received and the carrying amount of the assets and liabilities of the subsidiary on the date of disposal less any transaction costs relating to the disposal. On the disposal of a subsidiary with assets and liabilities denominated in foreign currency, the cumulative translation difference associated with that subsidiary in the translation reserve is credited or debited to the profit or loss on disposal recognised in the income statement. Cash received on disposal of businesses is shown within investing activities in the Consolidated cash flow statement, net of cash and cash equivalents disposed of and transaction costs.

(iv) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

b. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in the income statement, unless they qualify for cash flow or net investment hedge accounting treatment, in which case the effective portion is recognised directly in other comprehensive income.

Assets and liabilities of foreign operations are translated at the exchange rate prevailing at the balance sheet date. Income and expenses of foreign operations are translated at average exchange rates. All resulting exchange differences, including exchange differences arising from the translation of borrowings and other financial instruments designated as hedges of such balances, are recognised directly in other comprehensive income and accumulated in the translation reserve. Differences that have arisen since 1 January 2004, the date of transition to IFRS, are presented in this separate component of equity.

c. Revenue

The Group is principally engaged in the delivery of goods to customers representing a single performance obligation which is satisfied upon delivery of the relevant goods. Revenue related to the provision of services is recognised when the service is provided, which for the majority of the Group's service revenue represents a single performance obligation. Revenue is not recognised if there is significant uncertainty regarding recovery of the consideration due.

Revenue is valued at invoiced amounts, excluding sales taxes and including estimates for variable consideration where relevant, such as returns and discounts, for which a liability is recognised as required. Returns and early settlement discount liabilities are based on experience over an appropriate period whereas volume discount liabilities are based on agreements with customers and expected volumes.

Notes continued

2 Accounting policies continued

d. Cost of goods sold

Cost of goods sold consists of the cost of the inventories sold or disposed of in the period where the cost of inventories is net of supplier rebate income related to those inventories.

e. Supplier rebates

The Group has various rebate arrangements with a number of suppliers. Some of these arrangements are based on the volume of products purchased and others are based on the volume of products sold. Supplier rebate income is recognised in cost of goods sold concurrent with the sale of the inventories to which it relates and is calculated by reference to the expected consideration receivable from each rebate arrangement. Substantially all supplier rebate income is unconditional and non-judgemental. Supplier rebate income is not recognised if there is significant uncertainty regarding recovery of the amount due. Supplier rebate income accrued but not yet received is included in other receivables.

f. Share based payments

The Group operates a number of equity settled share based payment compensation plans. Details of these plans are outlined in Note 19 and the Directors' remuneration report. The total expected expense is based on the fair value of options and other share based incentives on the grant date, calculated using a valuation model, and is spread over the expected vesting period with a corresponding credit to equity.

g. Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and any lease payments made at or before the lease commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot readily be determined, as is the case in the vast majority of the leasing activities of the Group, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset in a similar economic environment with similar terms and conditions. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index/rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset.

Judgements are involved in determining the lease term, particularly because termination options are included in a number of property leases across the Group to facilitate operational flexibility. The majority of termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a termination option. Periods after the date of a termination option are only included in the lease term if it is reasonably certain that the lease will not be terminated. The assessment of the lease term is reviewed if a significant event or a significant change in circumstances occurs that is within the control of the Group.

Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are assets with a value of less than £5,000 when new, typically small items of IT equipment, office equipment and office furniture.

h. Income tax

Income tax in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the balance sheet date and any adjustments in respect of prior years. Current tax payable is recognised when it is probable that the Group will be required to settle the obligation. The Group's policy for accounting for current tax payable or receivable where it is uncertain is described in more detail in Note 2y – Sources of estimation uncertainty – Taxation.

Deferred tax is provided using the balance sheet liability method providing for temporary differences arising between tax bases and carrying amounts in the consolidated financial statements. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is not recognised for the following temporary differences: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and where the Company controls the timing of the reversal. A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

2 Accounting policies continued

i. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment losses. The carrying values of property, plant and equipment are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

j. Depreciation

Depreciation is charged to the income statement on a straight line basis to write off cost less estimated residual value over the assets' estimated remaining useful lives. The estimated useful lives are as follows:

Buildings	50 years (or depreciated over life of lease if shorter than 50 years)
Plant and machinery	3 to 12 years
Fixtures, fittings and equipment	3 to 12 years
Freehold land	Not depreciated

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

k. Intangible assets

(i) Goodwill

Acquisitions are accounted for using the acquisition method. As permitted by IFRS 1 'First-time Adoption of International Financial Reporting Standards', the Group chose to apply IFRS 3 'Business Combinations' from 1 January 2004 and elected not to restate previous business combinations. For acquisitions made before 1 January 2004, goodwill represents the amount previously recorded under UK Generally Accepted Accounting Practice ('UK GAAP'). For acquisitions that occurred between 1 January 2004 and 31 December 2009, goodwill represents the cost of the business combination in excess of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. For acquisitions that have occurred on or after 1 January 2010, goodwill represents the cost of the business combination (excluding payments contingent on future employment and transaction costs and expenses) in excess of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is allocated to cash generating units ('CGUs') and is tested annually for impairment. Negative goodwill arising on acquisition is recognised immediately in the income statement.

(ii) Customer relationships and brands

Customer relationships and brands intangible assets acquired in a business combination are recognised on acquisition and recorded at fair value. Subsequent to initial recognition, customer relationships and brands intangible assets are stated at cost less accumulated amortisation and any impairment losses. Amortisation is charged to the income statement on a straight line basis over the estimated useful economic lives which range from 3 to 19 years.

(iii) Software

Software is stated at historical cost less accumulated amortisation and any impairment losses. The carrying values of software are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Amortisation is charged to the income statement on a straight line basis over the estimated useful economic lives which range from 3 to 10 years.

l. Impairment

The carrying amounts of the Group's assets are reviewed annually to determine if there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. The recoverable amounts of assets carried at amortised cost are calculated as the present value of estimated future cash flows, discounted at appropriate pre-tax discount rates. The recoverable amounts of other assets are the greater of their fair value less the costs of disposal and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present values using appropriate pre-tax discount rates. Impairment losses are recognised when the carrying amount of an asset or CGU exceeds its recoverable amount, with impairment losses being recognised in the income statement.

m. Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and comprises the purchase price, net of any related supplier volume rebates, plus import duties and other taxes, inbound freight and haulage costs and other related costs incurred to bring the product to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale. Provision is made for obsolete, slow moving or defective items and market price movements where appropriate.

Notes continued

2 Accounting policies continued

n. Trade and other receivables

Trade and other receivables are initially measured at fair value, which for trade receivables is equal to the consideration expected to be received from the satisfaction of performance obligations, plus any directly attributable transaction costs. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses including expected credit losses. In accordance with IFRS 9 'Financial Instruments' the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics such as the ageing of the debt and the credit risk of the customers. An historical credit loss rate is then calculated for each group and adjusted to reflect expectations about future credit losses. Inputs and assumptions used for expected credit loss provisions are based on local operating company historical experience and expectations about future credit losses. The Group does not have any significant contract assets.

o. Trade and other payables

Trade and other payables are initially measured at fair value including any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost. The Group has contract liabilities in the form of deferred income which arises from consideration received in advance of the satisfaction of performance obligations.

p. Financial instruments

Classification and measurement

Under IFRS 9, financial instruments are initially measured at fair value with subsequent measurement depending upon the classification of the instrument. IFRS 13 'Fair Value Measurement' defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All non-derivative financial assets and liabilities are subsequently held at amortised cost unless they are in a fair value hedge relationship. Financial assets and liabilities held in a fair value hedge relationship are held at amortised cost with a fair value adjustment with subsequent changes in this fair value adjustment recorded in the income statement.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- a hedge of the fair value of recognised assets or liabilities or a firm commitment ('fair value hedge');
- a hedge of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions ('cash flow hedge'); or
- a hedge of a net investment in a foreign operation ('net investment hedge').

The Group documents its risk management objectives and strategy for undertaking its hedge transactions. At inception of hedge relationships, the Group documents the economic relationship between the hedging instruments and the hedged items.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is 12 months or less.

(i) Fair value hedge

Where a derivative instrument is designated and qualifies as a hedge of a recognised asset or liability, all changes in the fair value of the derivative are recognised immediately in the income statement within finance expense. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged with changes recognised in the income statement, also within finance expense. The gain or loss relating to any ineffective portion of the hedging arrangement is recognised immediately in the income statement.

If the hedge relationship is de-designated, then from the point of de-designation there is no further fair valuing of the hedged item. Any previous adjustment to the carrying amount of the hedged item is amortised over the remaining maturity of the hedged item.

2 Accounting policies continued

p. Financial instruments continued

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to any ineffective portion is recognised immediately in the income statement.

Where a derivative instrument is designated and qualifies as a hedge of a forecast transaction, only the change in fair value of the forward contract related to the spot component is designated as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contract are initially recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognised in the income statement.

Gains or losses accumulated in equity are reclassified to the income statement when the hedged item affects profit or loss or to the non-financial asset when the hedged item results in the recognition of a non-financial asset with the deferred gains or losses ultimately being recognised in the income statement as the non-financial asset affects profit or loss.

When a hedging instrument expires, any cumulative deferred gain/loss in equity relating to that instrument remains in equity until the forecast transaction occurs at which point it is reclassified to the income statement. When the forecast transaction is no longer expected to occur, the cumulative deferred gain/loss recorded in equity is immediately reclassified to the income statement.

(iii) Net investment hedge

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in foreign operations are recognised directly in equity to the extent the hedge is effective and are accumulated in a separate reserve within equity. To the extent that the hedge is ineffective such differences are recognised in the income statement.

(iv) Other derivative instruments

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

q. Cash and cash equivalents

Cash and cash equivalents, as reported in the cash flow statement, comprises cash at bank and in hand and bank overdrafts. Cash at bank and in hand includes cash balances and short term deposits with maturities of three months or less from the date the deposit is made.

r. Net debt

Net debt is defined as interest bearing loans and borrowings adjusted for the fair value of interest rate swaps on fixed interest rate borrowings and other derivatives managing the interest rate risk and currency profile less cash and cash equivalents.

s. Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

t. Investment in own shares

The cost of shares held either directly (treasury shares) or indirectly (employee benefit trust shares) is deducted from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is recognised in retained earnings.

At each reporting date the Group remeasures the value of the shares held in the employee benefit trust to present them in the own shares reserve at the market value of those shares at the reporting date. This is done through a reclassification from retained earnings to the own shares reserve. This movement has no effect on the actual numbers of shares held by the employee benefit trust.

u. Retirement benefits

(i) Defined contribution pension schemes

A defined contribution pension scheme is a post-employment benefit scheme under which the Company pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Notes continued

2 Accounting policies continued
u. Retirement benefits continued
(ii) Defined benefit pension schemes
A defined benefit pension scheme is a post-employment benefit plan other than a defined contribution pension scheme. Defined benefit pension schemes are recognised on the balance sheet as a defined benefit pension asset or a defined benefit pension liability based on the difference between the fair value of pension scheme assets and the present value of pension scheme liabilities.

The present value of pension scheme liabilities is calculated by a qualified actuary using the projected unit method by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted using the rate applicable to AA rated corporate bonds that have a similar maturity and currency to the pension scheme liabilities. The fair value of any pension scheme assets (at bid price) is deducted from the present value of pension scheme liabilities to determine the net deficit or surplus of each scheme. Remeasurements arising from defined benefit pension schemes comprise actuarial gains and losses on pension scheme liabilities and the actual return on pension scheme assets excluding amounts already included in net interest. The net actuarial gain or loss for the year is recorded in full in the statement of comprehensive income.

Current service cost, past service cost or gain and gains and losses on any settlements and curtailments are credited or charged to the income statement. Past service cost is recognised immediately to the extent benefits are already vested. Net interest on the net defined benefit pension liability or asset is calculated by applying the discount rate used to measure the defined benefit pension scheme deficit or surplus at the beginning of the year to the net defined benefit pension liability or asset at the beginning of the year. Net interest is recorded within finance expense or finance income in the income statement.

When the valuation of a defined benefit pension scheme results in a surplus, the recognised defined benefit pension asset is limited to the present value of benefits available in the form of any future refunds from the pension scheme or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

v. Dividends
The interim dividend is recognised in the statement of changes in equity in the period in which it is paid and the final dividend in the period in which it is approved by shareholders at the Annual General Meeting.

w. Hyperinflationary economies
Where the Group has operations in countries to which hyperinflation accounting applies, the financial statements of the business concerned are accounted for under IAS 29 'Financial Reporting in Hyperinflationary Economies'.

x. Judgements made in applying the Group's accounting policies
In the course of preparing the financial statements, other than judgements involved in determining lease terms under the application of IFRS 16 'Leases' and in determining estimates and assumptions (see Note 2y below), no other judgements have been made in the process of applying the Group's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

In measuring its right-of-use assets and lease liabilities, management is required to make judgements, particularly in relation to lease termination options. Periods after the date of a termination option are only included in the lease term if it is reasonably certain that the lease will not be terminated. While management determine lease terms across the Group on a case-by-case basis, if different judgements were applied relating to a number of leases, it could have a significant effect on the overall amounts recognised in the financial statements.

y. Sources of estimation uncertainty
In applying the Group's accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect, there may be an impact on the following year's financial statements. As at 31 December 2021, sources of estimation uncertainty where there was a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year was limited to the following item:

Defined benefit pension schemes
The measurement of the present value of defined benefit pension scheme liabilities involves the use of various actuarial assumptions. The Group uses independent actuarial experts to assist with the estimation of the discount rates, inflation rates and longevity assumptions used for the measurement of defined benefit pension scheme liabilities but the actual liabilities could be materially different. The main risks to which the Group is exposed in relation to the valuation of the defined benefit pension schemes are described in Note 23. The Group's net pension asset balance as at 31 December 2021 was £31.2m (2020: £44.8m deficit).

The following estimates or assumptions were also used in applying the Group's accounting policies:

Accounting for business combinations
Part of the Company's strategy is to grow through acquisitions. Acquisitions are accounted for using the acquisition method as described in the business combinations accounting policy, Note 2a(ii), and the goodwill accounting policy, Note 2k(i). This includes the determination of fair values for assets and liabilities acquired, including the separate identification of intangible assets, which use assumptions and estimates and are therefore subjective. The Group has developed a process to meet the requirements of IFRS 3 including the separate identification of customer relationships and brands intangible assets based on estimated future performance and customer attrition rates. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. The process applied is described in Note 28.

2 Accounting policies continued

y. Sources of estimation uncertainty continued

Recoverability of goodwill, customer relationships and brands intangible assets

As noted above, part of the Company's strategy is to grow through acquisitions which has led to material goodwill, customer relationships and brands intangible assets being recognised on the balance sheet. Goodwill, which is allocated across CGUs, is tested annually to determine if there is any indication of impairment by comparing the carrying amount of the goodwill to the recoverable amount of the CGU to which it has been allocated. Assumptions and estimates are used to determine the recoverable amount of each CGU, principally based on the present value of estimated future cash flows. Actual performance may differ from management's expectations. The estimates and assumptions used in performing impairment testing are described in Note 11. Customer relationships and brands intangible assets are also reviewed annually for indicators of impairment and if an indicator of impairment exists then similar recoverability testing, involving the use of estimates and assumptions, is performed for the business to which the customer relationships and brands intangible assets relate. The useful economic lives of customer relationships and brands intangible assets are also reviewed at least annually, with any revisions to the original estimated useful economic lives accounted for prospectively. As at 31 December 2021 the goodwill balance was £1,698.5m (2020: £1,494.6m), the amount of customer relationships intangible assets was £1,022.0m (2020: £912.7m) and the amount of brands intangible assets was £24.0m (2020: £12.5m).

Trade receivables and inventory provisions

Due to the uncertainty created by the Covid-19 pandemic, trade receivables and inventory provisions are considered to be a source of estimation uncertainty. In 2020, the Group saw a number of customers either entering insolvency processes or illustrating specific credit stress indicators that impacted the recoverability of receivables and customer specific inventory in the foodservice and retail sectors. In 2020, the Group also saw an increase in the level of slow moving inventory as the Covid-19 pandemic and the associated government imposed control measures have continued to impact customer demand across a range of market sectors. During 2021, the Group has seen a further increase in the level of slow moving inventory with customer demand continuing to be impacted by the pandemic-related restrictions and supply chain disruption resulting in higher levels of inventory. This has resulted in a net charge of approximately £25m in the year to increase slow moving inventory provisions whilst additional provisions were required as a result of market price deflation on certain Covid-19 products. This has been partially offset by a net release of approximately £5m related to expected credit losses on trade receivables. As at 31 December 2021, the Group carried trade receivables provisions of £27.4m (2020: £35.2m) and provisions for slow moving, obsolete or defective inventories of £179.9m (2020: £132.5m).

Taxation

The Group operates in many countries and is therefore subject to tax laws in a number of different tax jurisdictions. The amount of tax payable or receivable on profits or losses for any period is subject to the agreement of the tax authority in each respective jurisdiction and the tax liability or asset position is open to review for several years after the relevant accounting period ends. In determining the provisions for income taxes, management is required to make assumptions based on interpretations of tax statute and case law, which it does after taking account of professional advice and prior experience.

The majority of the Group's tax payable balance of £43.6m (2020: £77.7m) relates to provisions for uncertain tax matters. Uncertainties in respect of enquiries and additional tax assessments raised by tax authorities are measured by management according to the guidance provided by IFRIC 23 'Uncertainty over Income Tax Treatments' but the amounts ultimately payable or receivable may differ from the amounts of any provisions recognised in the consolidated financial statements as a result of the estimates and assumptions used.

Management does not consider there to be any significant risks of material adjustment within the next financial year because tax provisions cover a range of matters across multiple tax jurisdictions with a variety of timescales before such matters are expected to be concluded.

Notes continued

3 Alternative performance measures

In addition to the various performance measures defined under IFRS, the Group reports a number of other measures that are designed to assist with the understanding of the underlying performance of the Group and its businesses. These measures are not defined under IFRS and, as a result, do not comply with Generally Accepted Accounting Practice ('GAAP') and are therefore known as 'alternative performance measures'. Accordingly, these measures, which are not designed to be a substitute for any of the IFRS measures of performance, may not be directly comparable with other companies' alternative performance measures. The principal alternative performance measures used within the consolidated financial statements and the location of the reconciliation to equivalent IFRS measures are shown and defined in the table below:

Underlying revenue growth	Revenue excluding the incremental impact of acquisitions and disposals compared to revenue in prior years at constant exchange and adjusted for differences in trading days between years (reconciled in the Financial review)
Adjusted operating profit	Operating profit before customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses (reconciled in the following tables and in the Consolidated income statement)
Operating margin	Adjusted operating profit as a percentage of revenue
Adjusted profit before income tax	Profit before income tax, customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses (reconciled in the following tables)
Adjusted profit for the year	Profit for the year before customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges, profit or loss on disposal of businesses and the associated tax (reconciled in the following tables)
Effective tax rate	Tax on adjusted profit before income tax as a percentage of adjusted profit before income tax (reconciled in Note 7)
Adjusted earnings per share	Adjusted profit for the year divided by the weighted average number of ordinary shares in issue (reconciled in the following tables and in Note 8)
Adjusted diluted earnings per share	Adjusted profit for the year divided by the diluted weighted average number of ordinary shares (reconciled in Note 8)
Operating cash flow	Cash generated from operations before acquisition related items after deducting purchases of property, plant and equipment and software and adding back the proceeds from the sale of property, plant and equipment and software and deducting the payment of lease liabilities (as shown in the Consolidated cash flow statement)
Free cash flow	Operating cash flow after deducting payments for tax and net interest excluding interest on lease liabilities (as shown in the Consolidated cash flow statement)
Lease adjusted operating profit	Adjusted operating profit after adding back the depreciation of right-of-use assets and deducting the payment of lease liabilities (as shown in the Consolidated cash flow statement)
Cash conversion	Operating cash flow as a percentage of lease adjusted operating profit (as shown in the Consolidated cash flow statement)
Working capital	Inventories and trade and other receivables less trade and other payables, excluding non-operating related receivables, non-operating related payables (including those relating to acquisition payments) and dividends payable (reconciled in Note 12)
Return on average operating capital	The ratio of adjusted operating profit to the average of the month end operating capital employed (being property, plant and equipment, right-of-use assets, software, inventories and trade and other receivables less trade and other payables)
Return on invested capital	The ratio of adjusted operating profit to the average of the month end invested capital (being equity after adding back net debt, lease liabilities, net defined benefit pension scheme liabilities, cumulative customer relationships and brands amortisation, acquisition related items and amounts written off goodwill, net of the associated tax)
EBITDA	Adjusted operating profit on a historical GAAP basis, before depreciation of property, plant and equipment and software amortisation and after adjustments as permitted by the Group's debt covenants, principally to exclude share option charges and to annualise for the effect of acquisitions and disposal of businesses
Net debt excluding lease liabilities	Net debt excluding the carrying value of lease liabilities (reconciled in Note 26)
Constant exchange rates	Growth rates at constant exchange rates are calculated by retranslating the results for prior years at the average rates for the year ended 31 December 2021 so that they can be compared without the distorting impact of changes caused by foreign exchange translation. The principal exchange rates used for 2021 and 2020 can be found in the Financial review on page 75

These alternative performance measures exclude the charge for customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges, profit or loss on disposal of businesses and any associated tax, where relevant.

3 Alternative performance measures continued

Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, adjustments to previously estimated earn outs, customer relationships asset impairment charges, goodwill impairment charges and interest on acquisition related income tax. Customer relationships and brands amortisation, acquisition related items and any associated tax are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions. The non-recurring pension scheme charges relate to non-recurring charges arising from the Group's participation in a number of defined benefit pension schemes. In the year ended 31 December 2021 there have been no non-recurring pension scheme charges. In the year ended 31 December 2020, these non-recurring pension scheme charges comprised the costs relating to the Group's decision to withdraw from three multi-employer pension plans in North America and a charge relating to the equalisation of guaranteed minimum pensions between male and female members on historical transfer values out of the Group's UK defined benefit pension scheme following the outcome of the High Court judgment in November 2020 in the case of Lloyds Banking Group Pension Trustees Limited vs Lloyds Bank plc. None of these items relate to the underlying operating performance of the business and, as a result, they distort comparability between businesses and reporting periods. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating the profitability measures by which management assesses the performance of the Group. However it should be noted that they do exclude charges that nevertheless do impact the Group's cash flow and GAAP financial performance.

Other alternative performance measures, including the Group's key performance indicators which are set out and defined on pages 36 and 37, are used to monitor the performance of the Group and a number of these are based on, or derived from, the alternative performance measures noted above. All alternative performance measures have been calculated consistently with the methods applied in the consolidated financial statements for the year ended 31 December 2020. The Group's alternative performance measures remain consistent with the prior year with the exception of two new alternative performance measures, being underlying revenue growth and working capital. The addition of these alternative performance measures, alongside an assessment of the relevance of the existing alternative performance measures, were agreed with the Audit Committee.

Reconciliation of alternative performance measures to IFRS measures

The principal profit related alternative performance measures, being adjusted operating profit, adjusted profit before income tax, adjusted profit for the year and adjusted earnings per share, are reconciled to the most directly reconcilable statutory measures in the tables below.

Year ended 31 December 2021

		Adjusting items				
	Alternative performance measures £m	Customer relationships and brands amortisation £m	Acquisition related items £m	Non-recurring pension scheme charges £m	Statutory measures £m	
Adjusted operating profit	752.8	(106.5)	(23.0)	–	623.3	**Operating profit**
Finance income	10.7				10.7	Finance income
Finance expense	(65.3)				(65.3)	Finance expense
Adjusted profit before income tax	698.2	(106.5)	(23.0)	–	568.7	**Profit before income tax**
Tax on adjusted profit	(155.7)	27.3	2.5	–	(125.9)	Income tax
Adjusted profit for the year	542.5	(79.2)	(20.5)	–	442.8	**Profit for the year**
Adjusted earnings per share	162.5p	(23.7)p	(6.1)p	–	132.7p	**Basic earnings per share**

Year ended 31 December 2020

		Adjusting items				
	Alternative performance measures £m	Customer relationships and brands amortisation £m	Acquisition related items £m	Non-recurring pension scheme charges £m	Statutory measures £m	
Adjusted operating profit	778.4	(100.4)	(42.7)	(16.8)	618.5	Operating profit
Finance income	10.4				10.4	Finance income
Finance expense	(73.2)				(73.2)	Finance expense
Adjusted profit before income tax	715.6	(100.4)	(42.7)	(16.8)	555.7	Profit before income tax
Tax on adjusted profit	(165.1)	24.5	10.7	4.2	(125.7)	Income tax
Adjusted profit for the year	550.5	(75.9)	(32.0)	(12.6)	430.0	Profit for the year
Adjusted earnings per share	164.9p	(22.7)p	(9.6)p	(3.8)p	128.8p	Basic earnings per share

Notes continued

4 Segment analysis

The Group results are reported as four business areas based on geographical regions which are reviewed regularly by the Company's chief operating decision maker, the Board of directors. The principal results reviewed for each business area are revenue and adjusted operating profit.

Year ended 31 December 2021

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	6,144.7	1,972.9	1,254.2	913.3		10,285.1
Adjusted operating profit/(loss)	401.3	191.8	67.0	116.5	(23.8)	752.8
Customer relationships and brands amortisation	(44.5)	(36.4)	(9.1)	(16.5)		(106.5)
Acquisition related items	(7.6)	(8.2)	(3.1)	(4.1)		(23.0)
Non-recurring pensions scheme charges	–				–	–
Operating profit/(loss)	349.2	147.2	54.8	95.9	(23.8)	623.3
Finance income						10.7
Finance expense						(65.3)
Profit before income tax						568.7
Adjusted profit before income tax						698.2
Income tax						(125.9)
Profit for the year						442.8
Operating margin	6.5%	9.7%	5.3%	12.8%		7.3%
Return on average operating capital	42.9%	47.3%	38.4%	48.9%		43.3%
Purchase of property, plant and equipment	7.7	8.1	4.3	4.6	0.1	24.8
Depreciation of property, plant and equipment	9.7	8.8	5.2	4.2	0.1	28.0
Additions to right-of-use assets	55.2	32.0	8.8	16.6	–	112.6
Depreciation of right-of-use assets	65.1	31.8	22.3	15.1	0.5	134.8
Purchase of software	2.8	2.9	1.6	0.6	–	7.9
Software amortisation	3.5	2.4	1.0	1.3	0.2	8.4

Year ended 31 December 2020

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	5,843.8	2,127.3	1,287.7	852.3		10,111.1
Adjusted operating profit/(loss)	395.7	238.1	68.6	104.2	(28.2)	778.4
Customer relationships and brands amortisation	(39.8)	(35.6)	(8.8)	(16.2)		(100.4)
Acquisition related items	(8.4)	(8.1)	(7.2)	(19.0)		(42.7)
Non-recurring pensions scheme charges	(16.4)				(0.4)	(16.8)
Operating profit/(loss)	331.1	194.4	52.6	69.0	(28.6)	618.5
Finance income						10.4
Finance expense						(73.2)
Profit before income tax						555.7
Adjusted profit before income tax						715.6
Income tax						(125.7)
Profit for the year						430.0
Operating margin	6.8%	11.2%	5.3%	12.2%		7.7%
Return on average operating capital	41.3%	59.6%	41.4%	50.9%		45.4%
Purchase of property, plant and equipment	6.3	7.1	6.1	4.6	0.3	24.4
Depreciation of property, plant and equipment	9.7	8.7	4.8	3.3	0.1	26.6
Additions to right-of-use assets	31.1	20.7	34.4	13.9	–	100.1
Depreciation of right-of-use assets	66.3	31.0	21.3	15.7	0.5	134.8
Purchase of software	3.7	2.1	1.7	1.0	0.2	8.7
Software amortisation	3.2	4.8	0.8	1.3	0.2	10.3

4 Segment analysis continued

Acquisition related items	2021 £m	2020 £m
Deferred consideration payments relating to the retention of former owners of businesses acquired	**15.0**	13.2
Transaction costs and expenses	**8.3**	7.3
Adjustments to previously estimated earn outs	**(0.3)**	1.0
	23.0	21.5
Goodwill impairment charges (Note 11)	**–**	12.1
Customer relationships impairment charges (Note 11)	**–**	9.1
	23.0	42.7

Reportable segments are determined based on quantitative thresholds in accordance with IFRS 8 'Operating Segments'. The three business areas of North America, Continental Europe and UK & Ireland are operating segments that meet the quantitative thresholds for reportable segments and are therefore disclosed separately above. The Rest of the World business area contains businesses in Latin America and Asia Pacific which individually do not meet the quantitative thresholds for separate disclosure as reportable segments. Rest of the World is therefore an 'other' segment that is disclosed above as a reportable segment as this information is considered to be useful to users of the financial statements and it also helps to reconcile the results of the reportable segments to the Group's consolidated results.

The revenue presented relates to external customers. Sales between the business areas are not material. Each of the business areas supplies a range of products to customers operating primarily in the grocery, foodservice, safety, cleaning & hygiene, retail and healthcare market sectors but results are not monitored on this basis. The performance of the four business areas is assessed by reference to adjusted operating profit and this measure also represents the segment results for the purposes of reporting in accordance with IFRS 8. Debt and associated interest is managed at a Group level and therefore has not been allocated across the business areas.

In the year ended 31 December 2021 the Group had no customer that represented 10% or more of total Group revenue (2020: no customers).

As noted above, the businesses within each operating segment operate in a number of different countries and sell products across a range of market sectors, with the vast majority of revenue generated from the delivery of goods to customers. The following table provides a breakdown of revenue by market sector. The other category covers a wide range of market sectors, none of which is sufficiently material to warrant separate disclosure.

Revenue by market sector	2021 £m	2020 £m
Foodservice	**2,879.8**	2,500.2
Grocery	**2,623.5**	2,590.3
Safety	**1,564.9**	1,426.1
Cleaning & Hygiene	**1,048.3**	1,320.3
Retail	**1,011.2**	1,021.1
Healthcare	**809.9**	1,008.7
Other	**347.5**	244.4
	10,285.1	10,111.1

Revenue attributable to the UK, the parent company's country of domicile, for the year ended 31 December 2021 was £1,165.9m, representing 11% of the Group's total (2020: £1,192.6m, representing 12% of the Group's total). Revenue attributable to foreign countries in total was £9,119.2m, representing 89% of the Group's total (2020: £8,918.5m, representing 88% of the Group's total). Six foreign countries account for the majority of the revenue attributable to foreign countries, these being USA, Canada, France, the Netherlands, Australia and Brazil. These six foreign countries account for 75% of the Group's revenue (2020: 75%).

Non-current assets attributable to the UK, the parent company's country of domicile, for the year ended 31 December 2021 were £569.8m, representing 17% of the Group's total (2020: £441.2m, representing 15% of the Group's total). Non-current assets attributable to foreign countries in total were £2,839.5m, representing 83% of the Group's total (2020: £2,596.7m, representing 85% of the Group's total). Six foreign countries account for the majority of the non-current assets attributable to foreign countries, these being USA, Canada, France, the Netherlands, Australia and Brazil. These six foreign countries account for 66% of the Group's total non-current assets (2020: 66%).

Notes continued

4 Segment analysis continued

The table below reconciles segment assets and liabilities to the Group's total assets and total liabilities. Unallocated assets and liabilities include corporate assets and liabilities, tax assets and liabilities, cash at bank and in hand, bank overdrafts, interest bearing loans and borrowings, derivative financial assets and liabilities and defined benefit pension assets and liabilities.

At 31 December 2021

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Unallocated £m	Total £m
Segment assets	2,952.4	1,614.9	968.3	692.3		6,227.9
Unallocated assets					886.2	886.2
Total assets	2,952.4	1,614.9	968.3	692.3	886.2	7,114.1
Segment liabilities	1,138.0	607.9	508.9	220.8		2,475.6
Unallocated liabilities					2,434.6	2,434.6
Total liabilities	1,138.0	607.9	508.9	220.8	2,434.6	4,910.2

At 31 December 2020

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Unallocated £m	Total £m
Segment assets	2,597.2	1,669.9	930.1	640.3		5,837.5
Unallocated assets					991.9	991.9
Total assets	2,597.2	1,669.9	930.1	640.3	991.9	6,829.4
Segment liabilities	1,063.1	599.7	524.8	206.3		2,393.9
Unallocated liabilities					2,516.4	2,516.4
Total liabilities	1,063.1	599.7	524.8	206.3	2,516.4	4,910.3

5 Analysis of operating income and expenses

	2021 £m	2020 £m
Cost of goods sold	7,762.5	7,526.3
Employee costs (Note 24)	934.8	935.1
Depreciation of property, plant and equipment (Note 9)	28.0	26.6
Depreciation of right-of-use assets (Note 10)	134.8	134.8
Amortisation of intangible assets (Note 11)	114.9	110.7
Acquisition related items (Note 4)	23.0	42.7
Non-recurring pension scheme charges (Note 23)	–	16.8
Net impairment (reversals)/losses on trade receivables (Note 14)	(4.7)	15.9
(Profit)/loss on disposal of property, plant and equipment	(0.9)	0.8
Expense relating to short term leases and low value assets	6.2	8.0
Lease and sublease income	(2.3)	(2.1)
Other operating expenses	665.5	677.0
Net operating expenses	9,661.8	9,492.6

Cost of goods sold consists of the cost of the inventories sold or disposed of in the period where the cost of inventories is net of supplier rebate income related to those inventories.

5 Analysis of operating income and expenses continued

Auditors' remuneration	2021 UK £m	2021 Overseas £m	2021 Total £m	2020 UK £m	2020 Overseas £m	2020 Total £m
Audit of these financial statements	0.8	–	0.8	0.5	–	0.5
Amounts receivable by the Company's auditors* in respect of:						
audit of financial statements of subsidiaries of the Company	0.5	2.9	3.4	0.4	3.0	3.4
audit related assurance services	0.1	–	0.1	0.1	–	0.1
all other services	0.2	–	0.2	0.1	–	0.1
Total auditors' remuneration	1.6	2.9	4.5	1.1	3.0	4.1

* Including their associates.

Audit related assurance services comprise the review of the half yearly financial report for the six months ended 30 June. All other services comprise other non-audit work which was permissible in accordance with the Company's policy and the prevailing regulations concerning the provision of non-audit services by the Company's external auditors. It is the Company's policy to assess the non-audit services to be performed by the Company's auditors on a case-by-case basis to ensure adherence to the prevailing ethical standards and regulations. Other firms are normally used by the Company to provide non-audit services. However, if the provision of a service by the Company's auditors is permitted and adequate safeguards are in place, it is sometimes appropriate for this additional work to be carried out by the Company's auditors. In addition to the amounts shown in the table above, an additional £0.3m was incurred in 2021 in relation to the finalisation of the 2020 audit.

The Audit Committee, which consists entirely of independent non-executive directors, reviews and approves the level and type of non-audit work which the external auditors perform, including the fees paid for such work, to ensure that the auditors' objectivity and independence are not compromised. Further information is set out in the Audit Committee's report on pages 98 to 109.

6 Finance income/(expense)

	2021 £m	2020 £m
Interest on cash and cash equivalents	3.5	2.6
Interest income from foreign exchange contracts	5.0	5.3
Net interest income on defined benefit pension schemes in surplus	0.1	0.3
Interest related to income tax	0.7	0.1
Other finance income	1.4	2.1
Finance income	10.7	10.4
Interest on loans and overdrafts	(40.7)	(44.2)
Lease interest expense	(20.3)	(22.5)
Interest expense from foreign exchange contracts	(1.5)	(2.4)
Net interest expense on defined benefit pension schemes in deficit	(0.8)	(1.0)
Fair value gain/(loss) on US private placement notes and senior bond in a hedge relationship	33.3	(15.2)
Fair value (loss)/gain on interest rate swaps in a hedge relationship	(33.1)	15.4
Foreign exchange (loss)/gain on intercompany funding	(25.3)	3.5
Foreign exchange gain/(loss) on external debt and foreign exchange forward contracts	25.2	(4.0)
Interest related to income tax	(0.5)	(1.1)
Other finance expense	(1.6)	(1.7)
Finance expense	(65.3)	(73.2)
Net finance expense	(54.6)	(62.8)

The foreign exchange loss on intercompany funding arises as a result of the retranslation of foreign currency intercompany loans. This loss on intercompany funding is substantially matched by the foreign exchange gain on external debt and foreign exchange forward contracts not in a hedge relationship which minimises the foreign currency exposure in the income statement.

Notes continued

7 Income tax

	2021 £m	2020 £m
Current tax on profit		
current year	**152.9**	161.1
adjustments in respect of prior years	**(14.1)**	(12.5)
	138.8	148.6
Deferred tax on profit		
current year	**(10.6)**	(19.7)
adjustments in respect of prior years	**(2.3)**	(3.2)
	(12.9)	(22.9)
Income tax on profit	**125.9**	125.7

In assessing the underlying performance of the Group, management uses adjusted profit before income tax. The tax effect of the adjusting items (see Note 3) is excluded in monitoring the effective tax rate (being the tax rate on adjusted profit before income tax) which is shown in the table below.

	2021 £m	2020 £m
Income tax on profit	**125.9**	125.7
Tax associated with adjusting items	**29.8**	39.4
Tax on adjusted profit	**155.7**	165.1
Profit before income tax	**568.7**	555.7
Adjusting items	**129.5**	159.9
Adjusted profit before income tax	**698.2**	715.6
Reported tax rate	**22.1%**	22.6%
Effective tax rate	**22.3%**	23.1%

			2021			2020
Tax on other comprehensive income/(expense) and equity	**Gross £m**	**Tax (charge)/ credit £m**	**Net £m**	Gross £m	Tax (charge)/ credit £m	Net £m
Actuarial gain/(loss) on defined benefit pension schemes	**74.1**	**(18.5)**	**55.6**	(16.2)	3.0	(13.2)
Foreign currency translation differences on foreign operations	**(89.8)**	**–**	**(89.8)**	(63.5)	0.3	(63.2)
Gain/(loss) taken to equity as a result of effective net investment hedges	**11.5**	**–**	**11.5**	(15.9)	–	(15.9)
Gain/(loss) recognised in cash flow hedge reserve	**4.4**	**(0.8)**	**3.6**	(8.5)	1.6	(6.9)
Other comprehensive expense	**0.2**	**(19.3)**	**(19.1)**	(104.1)	4.9	(99.2)
Dividends	**(180.4)**	**–**	**(180.4)**	(171.5)	–	(171.5)
Movement from cash flow hedge reserve to inventory	**1.4**	**(0.3)**	**1.1**	6.1	(1.1)	5.0
Issue of share capital	**6.6**	**–**	**6.6**	3.7	–	3.7
Employee trust shares	**15.5**	**–**	**15.5**	(9.4)	–	(9.4)
Share based payments	**12.7**	**5.6**	**18.3**	14.9	1.3	16.2
Other comprehensive expense and equity	**(144.0)**	**(14.0)**	**(158.0)**	(260.3)	5.1	(255.2)

7 Income tax continued

Factors affecting the tax charge for the year

The Group operates in many countries and is subject to different rates of income tax in those countries. The expected tax rate is calculated as a weighted average of the tax rates in the tax jurisdictions in which the Group operates, most of which are higher than the UK statutory rate for the year of 19.0% (2020: 19.0%). The adjustments to the tax charge at the weighted average rate to determine the income tax on profit are as follows:

	2021 £m	2020 £m
Profit before income tax	**568.7**	555.7
Tax charge at weighted average rate (2021: 24.9%; 2020: 24.7%)	**141.7**	137.4
Effects of:		
non-deductible expenditure	**2.4**	5.8
impact of intercompany finance	**(0.2)**	(2.1)
change in tax rates	**(0.7)**	(0.3)
prior year adjustments from acquisitions	**–**	(5.1)
other prior year adjustments	**(16.4)**	(10.6)
other current year items	**(0.9)**	0.6
Income tax on profit	**125.9**	125.7

During the year, legislation was passed to increase the UK Corporation tax rate to 25% from 1 April 2023. UK taxable profits earned before that date will be subject to the current tax rate of 19% but UK temporary differences at 31 December 2021 have been calculated at the rate of 25% because reversal is expected after April 2023. The impact of this change in tax rate on the income statement was not significant.

Deferred tax in the income statement	2021 £m	2020 £m
Property, plant and equipment	**(0.9)**	(0.1)
Defined benefit pension schemes	**1.7**	(2.6)
Goodwill and customer relationships	**(13.0)**	(16.7)
Provisions and accruals	**4.3**	(4.4)
Inventories	**(5.5)**	1.7
Leases	**0.2**	0.2
Other	**0.3**	(1.0)
Deferred tax on profit	**(12.9)**	(22.9)

In March 2021 the Group received communication from HM Revenue & Customs ('HMRC') regarding the potential application of State aid rules to the UK tax regime, which was described in the 2020 Annual Report. HMRC's conclusion, with which the European Commission agreed, was that no Bunzl Group company was a beneficiary under the State aid decision of the European Commission. This means that the risk of having to pay additional tax plus interest of up to £37m in connection with the matter is now remote, whatever the EU General Court's eventual ruling.

8 Earnings per share

	2021 £m	2020 £m
Profit for the year	**442.8**	430.0
Adjusted for:		
customer relationships and brands amortisation	**106.5**	100.4
acquisition related items	**23.0**	42.7
non-recurring pension scheme charges	**–**	16.8
tax credit on adjusting items	**(29.8)**	(39.4)
Adjusted profit for the year	**542.5**	550.5

Notes continued

8 Earnings per share continued

	2021	2020
Basic weighted average number of ordinary shares in issue (million)	333.8	333.8
Dilutive effect of employee share plans (million)	2.2	1.3
Diluted weighted average number of ordinary shares (million)	336.0	335.1
Basic earnings per share	132.7p	128.8p
Adjustment	29.8p	36.1p
Adjusted earnings per share	162.5p	164.9p
Diluted basic earnings per share	131.8p	128.3p
Adjustment	29.7p	36.0p
Adjusted diluted earnings per share	161.5p	164.3p

9 Property, plant and equipment

2021	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	93.9	159.6	107.1	360.6
Acquisitions (Note 28)	0.9	5.3	1.0	7.2
Additions	2.2	9.9	12.7	24.8
Disposals	(3.7)	(6.5)	(3.7)	(13.9)
Currency translation	(1.8)	(0.7)	(6.6)	(9.1)
End of year	91.5	167.6	110.5	369.6
Accumulated depreciation				
Beginning of year	49.0	110.4	78.5	237.9
Charge in year	4.7	13.4	9.9	28.0
Disposals	(2.4)	(6.0)	(3.7)	(12.1)
Currency translation	(0.7)	(1.0)	(3.4)	(5.1)
End of year	50.6	116.8	81.3	248.7
Net book value at 31 December 2021	40.9	50.8	29.2	120.9

2020	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	83.2	151.4	100.6	335.2
Acquisitions (Note 28)	2.7	4.7	1.2	8.6
Additions	4.1	9.4	10.9	24.4
Disposals	(0.8)	(4.6)	(6.1)	(11.5)
Currency translation	4.7	(1.3)	0.5	3.9
End of year	93.9	159.6	107.1	360.6
Accumulated depreciation				
Beginning of year	41.6	102.1	73.2	216.9
Charge in year	4.5	12.8	9.3	26.6
Disposals	(0.7)	(4.0)	(5.6)	(10.3)
Currency translation	3.6	(0.5)	1.6	4.7
End of year	49.0	110.4	78.5	237.9
Net book value at 31 December 2020	44.9	49.2	28.6	122.7

10 Right-of-use assets

2021	Property £m	Motor vehicles £m	Equipment £m	Total £m
Net book value at beginning of year	358.3	66.4	28.7	453.4
Acquisitions (Note 28)	12.5	0.1	–	12.6
Additions	81.3	24.3	7.0	112.6
Depreciation charge in the year	(96.4)	(28.6)	(9.8)	(134.8)
Remeasurement adjustments	16.5	(3.5)	(1.5)	11.5
Currency translation	(5.8)	(0.9)	(0.3)	(7.0)
Net book value at 31 December 2021	366.4	57.8	24.1	448.3

2020	Property £m	Motor vehicles £m	Equipment £m	Total £m
Net book value at beginning of year	341.5	66.4	25.0	432.9
Acquisitions (Note 28)	30.8	3.9	0.5	35.2
Additions	62.4	24.7	13.0	100.1
Depreciation charge in the year	(95.2)	(29.4)	(10.2)	(134.8)
Remeasurement adjustments	22.7	0.5	1.0	24.2
Currency translation	(3.9)	0.3	(0.6)	(4.2)
Net book value at 31 December 2020	358.3	66.4	28.7	453.4

11 Intangible assets

2021	Goodwill £m	Customer relationships £m	Brands £m	Software £m	Total £m
Cost					
Beginning of year	1,506.7	1,874.2	12.8	85.5	3,479.2
Acquisitions (Note 28)	240.8	234.8	11.8	0.5	487.9
Additions				7.9	7.9
Disposals		–	–	(1.9)	(1.9)
Currency translation	(36.6)	(53.8)	0.4	(1.8)	(91.8)
End of year	1,710.9	2,055.2	25.0	90.2	3,881.3
Accumulated amortisation and impairment					
Beginning of year	12.1	961.5	0.3	63.4	1,037.3
Amortisation charge in year		105.5	1.0	8.4	114.9
Disposals		–	–	(1.9)	(1.9)
Currency translation	0.3	(33.8)	(0.3)	(2.0)	(35.8)
End of year	12.4	1,033.2	1.0	67.9	1,114.5
Net book value at 31 December 2021	1,698.5	1,022.0	24.0	22.3	2,766.8

Notes continued

11 Intangible assets continued

2020	Goodwill £m	Customer relationships £m	Brands £m	Software £m	Total £m
Cost					
Beginning of year	1,403.6	1,710.9	–	74.7	3,189.2
Acquisitions (Note 28)	108.8	172.2	13.7	2.0	296.7
Additions				8.7	8.7
Disposals		–	–	(1.7)	(1.7)
Currency translation	(5.7)	(8.9)	(0.9)	1.8	(13.7)
End of year	1,506.7	1,874.2	12.8	85.5	3,479.2
Accumulated amortisation and impairment					
Beginning of year	–	846.0	–	52.3	898.3
Amortisation charge in year		100.1	0.3	10.3	110.7
Impairment charge in year	12.1	9.1	–	–	21.2
Disposals		–	–	(0.9)	(0.9)
Currency translation	–	6.3	–	1.7	8.0
End of year	12.1	961.5	0.3	63.4	1,037.3
Net book value at 31 December 2020	1,494.6	912.7	12.5	22.1	2,441.9

Goodwill, customer relationships and brands intangible assets have been acquired as part of business combinations. Further details of acquisitions made in the year are set out in Note 28.

Customer relationships include three businesses with individually significant customer relationships assets, McCue Corporation acquired in October 2021 and based in North America, MCR Safety acquired in September 2020 and based in North America and Hedis acquired in 2017 and based in France. The net book value of customer relationships in McCue Corporation as at 31 December 2021 was £107.9m with a remaining useful economic life of 14.7 years. The net book value of customer relationships in MCR Safety as at 31 December 2021 was £90.0m (2020: £95.5m) with a remaining useful economic life of 13.7 years (2020: 14.7 years). The net book value of customer relationships in Hedis as at 31 December 2021 was £90.8m (2020: £105.4m) with a remaining useful economic life of 11.9 years (2020: 12.9 years).

Impairment testing

The carrying amount of goodwill is allocated across CGUs and is tested annually for impairment by comparing the recoverable amount of each CGU with its carrying value.

A description of the Group's principal activities is set out in the Chief Executive Officer's review. There is no significant difference in the nature of activities across different geographies. The identification of CGUs reflects the way the business is managed and monitored on a geographical basis, taking into account the generation of cash flows and the sharing of synergies. Given the similar nature of the activities of each CGU, a consistent methodology is applied across the Group in assessing CGU recoverable amounts. The recoverable amount is the higher of the value in use and the fair value less the costs of disposal. The value in use is the present value of the cash flows expected to be generated by the CGU over a projection period together with a terminal value. The projection period is the time period over which future cash flows are predicted. The Group's methodology is to use a projection period of five years consisting of detailed cash flow forecasts for the first two years and CGU specific growth assumptions for years three, four and five. For periods after this five year period, the methodology applies a long term growth rate specific to the CGU to derive a terminal value. Cash flow expectations exclude any future cash flows that may arise from restructuring or other enhancements to the cash generating activities of the CGU and reflect management's expectations of the range of economic conditions that may exist over the projection period.

The value in use calculations are principally sensitive to revenue growth, including any significant changes to the customer base, achievability of future profit margins and the discount rates used in the present value calculation. The information used for valuation purposes takes into consideration past experience and the current economic environment with regard to customer attrition rates and additions to the customer base, the ability to introduce price increases and new products and experience in controlling the underlying cost base. This information is used to determine a long term growth rate which is consistent with the geographic segments in which the Group operates and management's assessment of future operating performance and market share movements. The discount rates used are determined with assistance provided by external valuation specialists.

The Group allocates goodwill across seven CGUs (2020: seven). Based on our impairment testing, no impairments were identified to the carrying value of goodwill within the Group.

11 Intangible assets continued

As at 31 December 2021 North America, UK & Ireland, France and Rest of Continental Europe carried a significant amount of goodwill in comparison with the total value of the Group's goodwill. At 31 December 2021 the carrying value of goodwill in respect of North America was £649.3m (2020: £490.9m), UK & Ireland was £325.3m (2020: £282.4m), France was £245.0m (2020: £260.3m) and Rest of Continental Europe was £199.1m (2020: £195.6m). As at 31 December 2021 the aggregate amount of goodwill attributable to the Group's CGUs, excluding North America, UK & Ireland, France and Rest of Continental Europe, was £279.8m (2020: £265.4m), none of which is individually significant.

For North America, UK & Ireland, France and Rest of Continental Europe, the weighted average long term growth rate used in 2021 was in the range of 2.5%–3.7% (2020: 2.5%–3.5%) reflecting anticipated revenue and profit growth. A pre-tax discount rate in the range of 8%–10% (2020: 7%–10%) has been applied to the value in use calculations reflecting market assessments of the time value of money at the balance sheet date. Similar assumptions have been applied to the other CGUs but where appropriate the directors have considered alternative market risk assumptions to reflect the specific conditions arising in individual CGUs with long term growth rates ranging from 2.5%–5.9% (2020: 2.5%–5.9%) and discount rates ranging from 7%–14% (2020: 7%–14%).

As part of the annual impairment testing for goodwill, the Group also considered whether there were any indicators that individual customer relationships and brands intangible assets were impaired. As for the impairment testing for the Group's CGUs noted above, value in use calculations were prepared based on management's latest expectations of the performance of the relevant business over a five year projection period and appropriate long term growth and discount rates. Based on our impairment testing, no impairments were identified to the carrying value of customer relationships and brands intangible assets within the Group.

The Group has also considered whether climate change would have a significant impact on the approach taken to the annual impairment testing. As part of this the Group has assessed three alternative climate change scenarios up to 2050. Two of our scenarios align with the global warming trajectory of 2ºC by 2100 but differ in the speed and extent of decarbonisation over the next 30 years (orderly and disorderly). Our final scenario assessed the potential impacts of a world in which global warming exceeds 3ºC by 2100 (hot-house world scenario). Having assessed these scenarios the Group has concluded that, while climate change is an emerging risk, it is not currently expected to have a material financial impact and does not warrant any amendments to the assumptions used in the impairment testing.

Sensitivity to changes in key assumptions

Impairment testing is dependent on management's estimates and judgements, particularly as they relate to the forecasting of future cash flows, expected long term growth rates and the discount rates selected. Key assumptions on which value in use calculations are dependent relate to the discount rates used and revenue growth including the impact of changes to the underlying customer base from customer attrition and the rate at which new customer relationships are introduced and established.

As part of the annual impairment testing, management performed sensitivity analysis by modelling the impact of higher discount rates, and reviewing the combination of discount rates and long term growth rates which would bring the value in use to the net book value or below. From this sensitivity testing management has concluded that no reasonably possible change in key assumptions would result in a material change to the carrying amounts of any of the Group's intangible assets in the next 12 months.

12 Working capital

	2021 £m	2020 £m
Inventories (Note 13)	**1,474.0**	1,432.2
Trade and other receivables (Note 14)	**1,431.0**	1,395.8
Trade and other payables - current (Note 15)	**(1,921.3)**	(1,836.3)
Add back net non-trading related receivables and payables	**43.9**	29.7
	1,027.6	1,021.4

See Note 29 for the cash flow impact of movements in working capital which exclude the impact from foreign exchange movements and acquisitions.

13 Inventories

	2021 £m	2020 £m
Goods for resale	**1,474.0**	1,432.2

During the year £8.5m (2020: £10.1m) was written off from inventories due to obsolescence or damage. Inventory provisions, including provisions for slow moving, obsolete or defective inventories and market price movements, as at 31 December 2021 were £179.9m (2020: £132.5m). During the year the Group saw an increase in the level of slow moving inventory with customer demand continuing to be impacted by the pandemic-related restrictions and supply chain disruption resulting in higher levels of inventory. This has resulted in an increase in the level of provisions required, including a net charge of approximately £25m (2020: approximately £15m) to increase provisions for slow moving inventory, whilst additional provisions were required as a result of market price deflation on certain Covid-19 products.

Notes continued

14 Trade and other receivables

	2021 £m	2020 £m
Trade receivables	1,173.3	1,138.0
Prepayments	86.8	96.1
Other receivables	170.9	161.7
	1,431.0	1,395.8

The Group does not have any significant contract assets.

The ageing of trade receivables at 31 December was:

	2021		2020	
	Gross £m	Provision £m	Gross £m	Provision £m
Current	983.8	4.8	936.1	6.6
0–30 days overdue	147.6	2.1	163.0	1.8
31–90 days overdue	43.5	2.4	43.2	2.7
Over 90 days overdue	25.8	18.1	30.9	24.1
	1,200.7	27.4	1,173.2	35.2

The trade receivables provision includes provisions for expected credit losses and credit notes to be issued. The movement in the provision during the year was as follows:

	2021 £m	2020 £m
Beginning of year	35.2	23.9
Acquisitions	1.5	4.1
Charge	5.7	16.9
Released	(10.4)	(4.3)
Utilised	(3.7)	(4.4)
Currency translation	(0.9)	(1.0)
End of year	27.4	35.2

The movement in the year includes a net release of £4.7m (2020: net charge of £12.6m) reflecting a reduction in the level of recoverability risk from customers as businesses begin to recover from the impacts of the Covid-19 pandemic. The total net impairment reversals on trade receivables during the year were £4.7m (2020: net impairment losses of £15.9m) comprising the net reversal of £4.7m (2020: net charge of £12.6m) relating to the trade receivables provision and a nil charge (2020: charge of £3.3m) relating to the write-off of gross trade receivable balances not previously provided for.

15 Trade and other payables

Current

	2021 £m	2020 £m
Trade payables	1,216.6	1,080.4
Other tax and social security contributions	28.0	34.0
Other payables	222.4	235.8
Accruals and contract liabilities	454.3	486.1
	1,921.3	1,836.3

Other payables includes £46.5m (2020: £30.3m) related to deferred consideration on acquisitions.

The Group's contract liabilities are limited to deferred income of £34.5m (2020: £82.9m). This arises from contracts with customers in the form of consideration that has been received in advance of the satisfaction of performance obligations. The reduction in contract liabilities compared to 2020 is a result of the majority of customer prepayments at the end of the prior year relating to large orders having been recognised as revenue in 2021, offset by additional customer prepayments during the year relating to orders which are yet to be satisfied.

Non-current
Other payables greater than one year of £72.9m (2020: £50.2m) includes £61.3m (2020: £38.6m) related to deferred consideration on acquisitions.

16 Risk management and financial instruments

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on average operating capital employed and the return on invested capital (as defined on page 170) as well as the level of total shareholders' equity and sets the amount of dividends paid to ordinary shareholders.

The principal covenant limits are net debt to EBITDA, calculated at average exchange rates and in accordance with the Group's external debt covenants, of no more than 3.5 times and interest cover of no less than 3.0 times. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt. Additionally, compliance with the Group's biannual debt covenants is monitored on a monthly basis and formally tested at 30 June and 31 December. During 2021 all covenants have been complied with and based on current forecasts it is expected that such covenants will continue to be complied with for the foreseeable future. Debt covenants are based on historical accounting standards.

The Group funds its operations through a mixture of shareholders' equity and bank and capital market borrowings. All of the borrowings are managed by a central treasury function and funds raised are lent onward to operating subsidiaries as required. The overall objective is to manage the funding to ensure the borrowings have a range of maturities, are competitively priced and meet the demands of the business over time and, in order to do so, the Group arranges a mixture of borrowings from different sources with a variety of maturity dates.

The Group's businesses provide a high and consistent level of cash generation which helps fund future development and growth. The Group seeks to maintain an appropriate balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes to the Group's approach to capital management during the year and the Group is not subject to any externally imposed capital requirements.

Treasury policies and controls

The Group has a centralised treasury department to control external borrowings and manage liquidity, interest rate, foreign currency and credit risks. Treasury policies have been approved by the Board and cover the nature of the exposure to be hedged, the types of financial instruments that may be employed and the criteria for investing and borrowing cash. The Group uses derivatives to manage its foreign currency and interest rate risks arising from underlying business activities. No transactions of a speculative nature are undertaken. The treasury department is subject to periodic independent review by the internal audit department. Underlying policy assumptions and activities are periodically reviewed by the Board. Controls over exposure changes and transaction authenticity are in place.

Derivatives and hedge accounting

The Group designates derivatives which qualify as hedges for accounting purposes as either (a) a hedge of the fair value of a recognised asset or liability; (b) a hedge of the cash flow risk resulting from changes in interest rates or foreign exchange rates; or (c) a hedge of a net investment in a foreign operation. The accounting treatment for hedges and derivatives is set out in the financial instruments' accounting policy in Note 2p. The Group tests the effectiveness of hedges on a prospective basis to ensure compliance with IFRS 9. Information about the methods and assumptions used in determining the fair value of derivatives is provided under the 'Financial instruments' section on page 189.

Hedge effectiveness

For hedges of foreign currency purchases and sales, the Group enters into cash flow hedge relationships where the critical terms of the hedging instrument are similar to those of the hedged item, such as notional amount, expected maturity date and currency. Hedge ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated. The Group therefore performs a quantitative hedge effectiveness assessment to calculate any ineffectiveness during the period.

Part of the Group's fixed rate debt portfolio is swapped to floating rates using interest rate swaps where the hedged items are individual tranches of fixed rate debt. These interest rate swaps are held in fair value hedges with critical terms exactly matching those of the underlying hedged items, such as notional amounts, payment dates, reset dates, maturity dates and currencies. As all critical terms matched during the year, the economic relationship was 100% effective. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group will perform a quantitative assessment of effectiveness. Hedge ineffectiveness may arise due to a change in credit risk of the counterparty or if there is a change in timings or amounts of the hedged cash flows.

There was no material ineffectiveness during 2021 in relation to the interest rate swaps or the forward currency contracts.

Notes continued

16 Risk management and financial instruments continued

Risk management

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group continually monitors net debt and forecast cash flows to ensure that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term and, in order to do so, arranges borrowings from a variety of sources.

The Group has substantial funding available comprising multi-currency credit facilities from the Group's banks, US private placement notes and senior bonds. During 2020, the Group issued a £400m bond which matures in 2030 under the terms of its Euro Medium Term Note (EMTN) Programme.

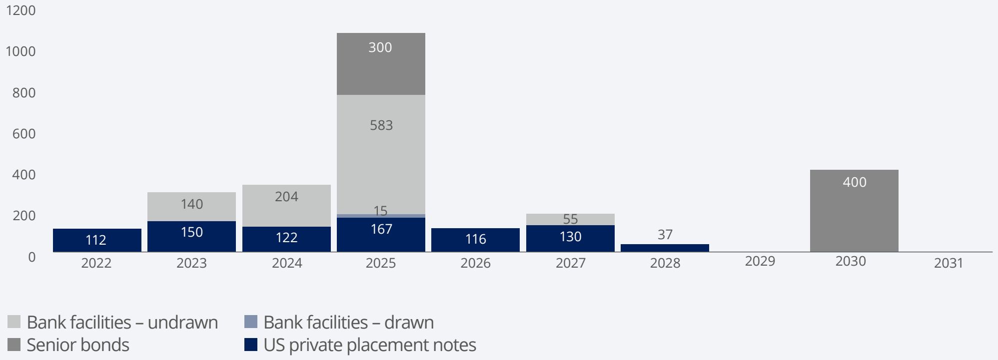
Loans, borrowings and net debt

	2021 £m	2020 £m
Bank overdrafts	(551.6)	(514.6)
Bank loans	–	(0.5)
US private placement notes	(111.9)	(79.4)
Borrowings due within one year	**(663.5)**	**(594.5)**
Bank loans	(14.6)	(45.1)
US private placement notes	(750.5)	(874.8)
Senior bonds	(668.6)	(695.3)
Borrowings due after one year	**(1,433.7)**	**(1,615.2)**
Derivatives managing the interest rate risk and currency profile of the debt	(17.1)	10.4
Gross debt	**(2,114.3)**	**(2,199.3)**
Cash at bank and in hand	776.9	944.3
Net debt excluding lease liabilities	**(1,337.4)**	**(1,255.0)**
Lease liabilities	(488.7)	(497.5)
Net debt including lease liabilities	**(1,826.1)**	**(1,752.5)**

Further information on the movement in net debt and lease liabilities is shown in Note 27.

The total available committed funding at 31 December 2021 was £2,530.9m (2020: £2,594.3m). The committed funding maturity profile at 31 December 2021 is set out in the chart below.

Committed funding maturity profile by year (£m)



The undrawn committed bank facilities available at 31 December were as follows:

	2021 £m	2020 £m
Expiring within one year	–	105.0
Expiring after one year but within two years	139.8	160.0
Expiring after two years	841.9	668.0
	981.7	933.0

During the year, all of the Group's committed bank facilities, which previously referenced the discontinued GBP LIBOR, have been renegotiated to reference SONIA, the new GBP benchmark. This has not had an impact on the financial results for the year ended 31 December 2021.

In addition, the Group maintains overdraft and uncommitted facilities to provide short term flexibility. As at 31 December 2021 there were no loans secured by fixed charges on property (2020: none).

16 Risk management and financial instruments continued

Contractual maturity profile

The contractual maturity profile of the Group's financial liabilities at 31 December is set out in the tables below. The amounts disclosed are the contractual undiscounted cash flows and therefore include interest cash flows (forecast using SONIA and USD LIBOR interest rates at 31 December in the case of floating rate financial assets and liabilities). Derivative assets and liabilities have been included within the tables since they predominantly relate to derivatives which are used to manage the interest cash flows on the Group's debt. Bank loans have been drawn under committed facilities and can be refinanced on maturity from these same facilities. Accordingly, they have been aged based on the maturity dates of the underlying facilities. Foreign currency cash flows have been translated using spot rates as at 31 December.

	Contractual cash (outflows)/inflows				
2021	**Total contractual cash flows £m**	**Within one year £m**	**After one year but within two years £m**	**After two years but within five years £m**	**After five years £m**
Financial liabilities					
Bank overdrafts	**(551.6)**	**(551.6)**			
Bank loans	**(14.9)**	**(0.1)**	**(0.2)**	**(14.6)**	
US private placement notes	**(939.8)**	**(140.0)**	**(174.5)**	**(450.6)**	**(174.7)**
Senior bonds	**(781.1)**	**(12.8)**	**(12.8)**	**(331.5)**	**(424.0)**
Lease payments	**(562.2)**	**(143.9)**	**(108.2)**	**(186.9)**	**(123.2)**
Trade and other payables	**(1,966.2)**	**(1,893.3)**	**(72.9)**		
	(4,815.8)	**(2,741.7)**	**(368.6)**	**(983.6)**	**(721.9)**
Derivative financial instruments					
Net settled:					
Interest rate swaps	**10.9**	**2.1**	**2.1**	**6.3**	**0.4**
Gross settled:					
Foreign exchange inflows	**2,081.5**	**2,081.5**			
Foreign exchange outflows	**(2,075.6)**	**(2,075.6)**			
	16.8	**8.0**	**2.1**	**6.3**	**0.4**
Total	**(4,799.0)**	**(2,733.7)**	**(366.5)**	**(977.3)**	**(721.5)**

	Contractual cash (outflows)/inflows				
2020	Total contractual cash flows £m	Within one year £m	After one year but within two years £m	After two years but within five years £m	After five years £m
Financial liabilities					
Bank overdrafts	(514.6)	(514.6)	–	–	–
Bank loans	(46.6)	(0.6)	(0.3)	(45.7)	–
US private placement notes	(1,050.7)	(109.8)	(142.6)	(501.6)	(296.7)
Senior bonds	(793.9)	(12.8)	(12.8)	(338.3)	(430.0)
Lease payments	(583.9)	(146.3)	(122.4)	(184.6)	(130.6)
Trade and other payables	(1,852.5)	(1,802.3)	(50.2)	–	–
	(4,842.2)	(2,586.4)	(328.3)	(1,070.2)	(857.3)
Derivative financial instruments					
Net settled:					
Interest rate swaps	21.8	2.9	2.9	8.9	7.1
Gross settled:					
Foreign exchange inflows	1,803.9	1,803.9	–	–	–
Foreign exchange outflows	(1,809.6)	(1,809.6)	–	–	–
	16.1	(2.8)	2.9	8.9	7.1
Total	(4,826.1)	(2,589.2)	(325.4)	(1,061.3)	(850.2)

Notes continued

16 Risk management and financial instruments continued

(b) Interest rate risk

The Group is funded by a mixture of fixed and floating rate debt with the Group's main interest rate risk arising on its floating rate debt. Interest rate swaps and interest rate caps are used to manage the interest rate risk profile.

The table below shows the fixed/floating rate debt mix after interest rate swaps. Of the US private placement notes of £862.4m (2020: £954.2m), there are US dollar denominated amounts totalling £95.8m (2020: £100.4m), with maturities ranging from 2026 to 2028, which have been swapped to floating rates using interest rate swaps which reprice every three or six months. Of the senior bonds of £668.6m (2020: £695.3m), an amount totalling £369.9m (2020: £396.9m), with a maturity of 2030, has been swapped to floating rates using interest rate swaps which reprice daily.

The US private placement notes of £862.4m include a fair value adjustment of £20.8m (2020: £25.1m) related to interest rate swaps terminated in previous years. The terminations resulted in discontinuation of a number of fair value hedge relationships. At the date of de-designation, there was a fair value adjustment on the US private placement notes which will be amortised to the income statement across the remaining life of the debt. The amortisation of the fair value adjustment in 2021 was £4.3m (2020: £2.1m). During 2020 the termination of interest rate swaps resulted in a cash inflow of £15.1m within increase in borrowings on the consolidated cash flow statement. There were no terminations in 2021.

The interest rate risk on the floating rate liability is managed using interest rate options. Hedge accounting is not applied to the interest rate caps since the majority of their value is related to time value. The strike rates of these options are based on EURIBOR and are repriced every three months.

Bank loans are drawn for periods up to one month at interest rates linked to SONIA.

Fixed vs floating interest rate table

	2021 £m	2020 £m
Fixed rate debt		
US private placement notes	**(862.4)**	(954.2)
Senior bonds	**(668.6)**	(695.3)
Total fixed rate debt	**(1,531.0)**	(1,649.5)
Interest rate swaps (fixed leg)	**465.7**	497.3
Fixed rate liability	**(1,065.3)**	(1,152.2)
Floating rate debt		
Bank overdrafts	**(551.6)**	(514.6)
Bank loans	**(14.6)**	(45.6)
Total floating rate debt	**(566.2)**	(560.2)
Interest rate swaps (floating leg)	**(465.7)**	(497.3)
Floating rate liability	**(1,031.9)**	(1,057.5)
Derivatives managing the interest rate risk and currency profile of the debt	**(17.1)**	10.4
Gross debt	**(2,114.3)**	(2,199.3)

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2021	2020
Interest rate swaps		
Net carrying amount (liability/(asset)) (£m)	**(21.3)**	11.8
Notional amount (£m)	**488.9**	487.6
Maturity date range	**2026–2030**	2026–2030
Hedge ratio	**1:1**	1:1
Fair value gain/(loss) on US private placement notes and senior bond in a hedge relationship (£m)	**33.3**	(15.2)
Fair value (loss)/gain on interest rate swaps in a hedge relationship (£m)	**(33.1)**	15.4

16 Risk management and financial instruments continued

Sensitivity to movements in interest rates

After taking account of hedge relationships, a change of 1% in the interest rate forward curves on 31 December would have affected profit before income tax for the year and equity as at the year end as a result of changes in the fair values of derivative assets and liabilities at that date by the amounts shown below:

	Impact on profit before tax		Impact on equity	
	+1% £m	–1% £m	+1% £m	–1% £m
2021	**1.3**	**(0.3)**	**1.3**	**(0.3)**
2020	0.6	–	0.6	–

(c) Foreign currency risk

The majority of the Group's sales are made and income is earned in US dollars, euros and other foreign currencies. The Group does not hedge the impact of exchange rate movements arising on translation of earnings into sterling at average exchange rates.

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2021	2020	**2021**	2020
US dollar	**1.38**	1.28	**1.35**	1.37
Euro	**1.16**	1.12	**1.19**	1.12

The majority of the Group's transactions are carried out in the respective functional currencies of the Group's operations and so transaction exposures are usually relatively limited. Where they do occur the Group's policy is to hedge exposures of highly probable forecast transactions using forward foreign exchange contracts and these are designated as cash flow hedges. During the year the Group hedged highly probable forecast transactions for periods of up to 12 months. However, the economic impact of foreign exchange on the value of uncommitted future purchases and sales is not hedged. As a result, sudden and significant movements in foreign exchange rates can impact profit margins where there is a delay in passing the resulting price increases on to customers.

For the year ended 31 December 2021, all foreign exchange cash flow hedges were effective with a cumulative pre-tax gain of £0.5m (2020 cumulative pre-tax loss of £5.3m) recognised in equity at the end of the year and this will affect the income statement during 2022.

Effects of hedge accounting on the financial position and performance

	2021	2020
Forward foreign currency hedges in relation to inventory purchases		
Net carrying amount asset/(liability) (£m)	**0.5**	(5.3)
Notional amount at 31 December 2021 (£m)	**149.3**	143.9
Maturity date range	**2022**	2021
Hedge ratio	**1:1**	1:1
Change in value of hedged items since 1 January (£m)	**(5.8)**	2.4
Change in fair value of outstanding foreign currency forward contracts since 1 January (£m)	**5.8**	(2.4)

The majority of the Group's borrowings are effectively denominated in US dollars, sterling and euros, aligning them to the respective functional currencies of the component parts of the Group's EBITDA. This currency profile is achieved using short term foreign exchange contracts and foreign currency debt which are designated as hedging instruments to achieve net investment hedge accounting at a Group level. This currency composition minimises the impact of movements in foreign exchange rates on the ratio of net debt to EBITDA. No ineffectiveness was recorded from net investments in foreign entity hedges.

Notes continued

16 Risk management and financial instruments continued

The currency profile of the Group's net debt excluding lease liabilities at 31 December is set out in the table below:

	2021 £m	2020 £m
US dollar	**572.1**	458.0
Sterling	**135.1**	308.5
Euro	**502.4**	398.4
Other	**127.8**	90.1
	1,337.4	1,255.0

The Group also enters into foreign currency derivatives to hedge intercompany loans economically although these do not qualify for hedge accounting and therefore gains and losses are recorded in the income statement. These currency derivatives are subject to the same risk management policies as all other derivative contracts.

Sensitivity to movements in foreign exchange rates

For the year ended 31 December 2021, a movement of one cent in the US dollar and euro average exchange rates would have changed profit before income tax by £2.0m and £0.9m respectively (2020: £2.0m and £1.2m) and adjusted profit before income tax by £2.3m and £1.2m respectively (2020: £2.5m and £1.5m).

If a 10% strengthening or weakening of sterling had taken place on 31 December it would have increased/(decreased) profit before income tax and (decreased)/increased equity for the year by the amounts shown below. The impact of this translation is much greater on equity than it is on profit before income tax since equity is translated using the closing exchange rates at the year end and profit before income tax is translated using the average exchange rates for the year. As a result, the value of equity is more sensitive than the value of profit before income tax to a movement in exchange rates on 31 December and the resulting movement in profit before income tax is due solely to the translation effect on monetary items. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Impact on profit before tax		Impact on equity	
	+10% £m	–10% £m	+10% £m	–10% £m
2021	**0.4**	**(0.5)**	**(177.0)**	**212.9**
2020	0.4	(0.5)	(192.7)	200.9

(d) Credit risk

Credit risk is the risk of loss in relation to a financial asset due to non-payment by the relevant counterparty. The Group's objective is to reduce its exposure to counterparty default by restricting the type of counterparty it deals with and by employing an appropriate policy in relation to the collection of financial assets.

The Group's financial assets are cash at bank and in hand, derivative financial instruments and trade and other receivables which represent the Group's maximum exposure to credit risk in relation to financial assets. The maximum exposure to credit risk for cash at bank and in hand, derivative financial assets (see page 190) and trade and other receivables (see Note 14) is their respective carrying amounts.

Dealings are restricted to those banks with the relevant combination of geographic presence and suitable credit rating. The Group continually monitors the credit ratings of its counterparties and the credit exposure to each counterparty.

For trade and other receivables, the amounts represented in the balance sheet are net of any impairment losses measured using the expected credit loss model. Note 14 sets out an analysis of trade and other receivables and the provision for doubtful debts in respect of trade receivables.

At the balance sheet date there were no significant concentrations of credit risk (2020: none).

16 Risk management and financial instruments continued

(e) Financial instruments

Financial assets and liabilities

	2021 £m	2020 £m
Financial assets held at amortised cost		
Cash at bank and in hand	776.9	944.3
Trade and other receivables	1,344.2	1,299.7
Financial assets held at fair value		
Interest rate derivatives in fair value hedges	6.6	12.6
Foreign exchange derivatives in cash flow hedges	1.4	–
Foreign exchange derivatives in net investment hedges	7.0	4.6
Other foreign exchange and interest rate derivatives	6.8	12.4
Total financial assets	2,142.9	2,273.6
Financial liabilities held at amortised cost		
Bank overdrafts	(551.6)	(514.6)
Bank loans	(14.6)	(45.6)
US private placement notes	(862.4)	(954.2)
Senior bonds	(668.6)	(695.3)
Lease liability	(488.7)	(497.5)
Trade and other payables	(1,866.6)	(1,793.6)
Financial liabilities held at fair value		
Interest rate derivatives in fair value hedges	(27.9)	(0.8)
Foreign exchange derivatives in cash flow hedges	(0.9)	(5.3)
Foreign exchange derivatives in net investment hedges	(3.9)	(16.3)
Other foreign exchange derivatives	(5.6)	(2.0)
Other payables	(99.6)	(58.9)
Total financial liabilities	(4,590.4)	(4,584.1)

Financial assets and liabilities stated as being measured at fair value in the tables above (including all derivative financial instruments), with the exception of other payables, have carrying amounts where the fair value is, and has been throughout the year, a level two fair value measurement. Level two fair value measurements use inputs other than quoted prices that are observable for the relevant asset or liability, either directly or indirectly. The fair values of financial assets and liabilities stated at level two fair value have been determined by discounting expected future cash flows, translated at the appropriate balance sheet date exchange rates and adjusted for counterparty or own credit risk as applicable. Other payables measured at fair value relate to earn outs on businesses acquired. This is a level three fair value which is initially measured based on the expected future profitability of the businesses acquired at the acquisition date and subsequently reassessed at each reporting date based on the most recent data available on the expected profitability of the businesses acquired. There were no transfers between levels for recurring fair value measurements during the year.

As at 31 December 2021 the fair values, based on unadjusted market data, of the US private placement notes was £882.1m (2020: £991.9m) and of the senior bonds was £694.0m (2020: £731.6m).

For other financial assets and financial liabilities not measured at fair value, including cash at bank and in hand, bank loans and overdrafts, trade and other receivables and trade and other payables, their carrying amount is a reasonable approximation of fair value due to their short term nature. Bank loans are priced based on floating interest rates and the credit spread has not changed since the inception of the loan.

Notes continued

16 Risk management and financial instruments continued

Offsetting of financial assets and liabilities

The following table sets out the Group's derivative financial assets and liabilities that are subject to counterparty offsetting or master netting agreements.

2021	Gross amounts £m	Gross amounts offset in the balance sheet £m	Net amounts recognised in the balance sheet £m	Amounts not offset in the balance sheet £m	Net amounts £m
Derivative financial assets	21.8	–	21.8	(12.1)	9.7
Derivative financial liabilities	(38.3)	–	(38.3)	12.1	(26.2)
2020					
Derivative financial assets	29.6	–	29.6	(19.4)	10.2
Derivative financial liabilities	(24.4)	–	(24.4)	19.4	(5.0)

17 Provisions

	2021 £m	2020 £m
Current	8.5	8.5
Non-current	56.3	55.7
	64.8	64.2

	2021				2020			
	Properties £m	MEPP withdrawal £m	Other £m	Total £m	Properties £m	MEPP withdrawal £m	Other £m	Total £m
Beginning of year	24.3	15.3	24.6	64.2	18.7	–	21.7	40.4
Charge	1.6	–	4.4	6.0	5.9	16.4	2.6	24.9
Acquisitions	2.1	–	2.6	4.7	1.0	–	3.4	4.4
Utilised or released	(2.5)	(3.2)	(3.1)	(8.8)	(1.7)	–	(2.5)	(4.2)
Currency translation	(0.3)	0.2	(1.2)	(1.3)	0.4	(1.1)	(0.6)	(1.3)
End of year	25.2	12.3	27.3	64.8	24.3	15.3	24.6	64.2

The Properties provision includes provisions for repairs and dilapidations. These provisions cover the relevant periods of the lease agreements, which typically extend from one to 10 years, up to the expected termination date.

The MEPP withdrawal provision relates to the withdrawal liability on multi-employer pension plans in North America. See Note 23 for further details.

Group companies are, from time to time, subject to certain claims and litigation incidental to their operations and arising in the ordinary course of business including, but not limited to, those relating to the products and services that they supply, contractual and commercial disputes, environmental claims and employment related disputes. Other provisions include management's best estimate of the liabilities for such claims and litigation at the balance sheet date, determined by reference to known factors and past experience of similar items. Provision is made if, on the basis of current information and professional advice, liabilities are considered likely to arise. Management expects these matters to be settled within the next one to five years. While any dispute has an element of uncertainty, management does not expect that the actual outcome of any such claims and litigation, either individually or in the aggregate, will be materially different to the amounts provided. In the case of unfavourable outcomes, the Group may benefit from applicable insurance protection.

18 Deferred tax

	2021			2020		
	Asset £m	Liability £m	Net £m	Asset £m	Liability £m	Net £m
Property, plant and equipment	1.4	(9.4)	(8.0)	1.2	(10.6)	(9.4)
Defined benefit pension schemes	7.8	(15.7)	(7.9)	11.4	(0.1)	11.3
Goodwill and customer relationships	4.1	(195.6)	(191.5)	3.2	(160.4)	(157.2)
Share based payments	12.8	–	12.8	7.1	–	7.1
Leases	6.9	–	6.9	7.1	(0.1)	7.0
Provisions and accruals	33.7	(2.2)	31.5	33.2	(2.0)	31.2
Inventories	10.9	(7.1)	3.8	10.5	(10.4)	0.1
Other	8.2	(4.0)	4.2	10.7	(3.4)	7.3
Deferred tax asset/(liability)	85.8	(234.0)	(148.2)	84.4	(187.0)	(102.6)
Set-off of tax	(83.0)	83.0	–	(81.9)	81.9	–
Net deferred tax asset/(liability)	2.8	(151.0)	(148.2)	2.5	(105.1)	(102.6)

Except as noted below, deferred tax is calculated in full on temporary differences under the liability method using the tax rate of the country of operation.

The Company is able to control the dividend policy of its subsidiaries and, therefore, the timing of the remittance of the undistributed earnings of overseas subsidiaries. In general, the Company has determined either that such earnings will not be distributed in the foreseeable future or, where there are plans to remit those earnings, no tax liability is expected to arise except for a liability of £1.4m (2020: £0.6m) which has been provided for.

Deferred tax assets in respect of temporary differences have only been recognised in respect of tax losses and other temporary differences where it is probable that these assets will be realised. No deferred tax asset has been recognised in respect of unutilised tax losses of £4.1m (2020: £6.2m).

No deferred tax has been recognised in respect of unutilised capital losses of £94.6m (2020: £94.6m) as it is not considered probable that there will be suitable future taxable profits against which they can be utilised.

The movement in the net deferred tax liability is shown below:

	2021 £m	2020 £m
Beginning of year	102.6	123.8
Acquisitions	51.7	6.6
Credit to income statement	(12.9)	(22.9)
Recognised in other comprehensive income and equity	16.1	(4.3)
Reclassified to current tax	(5.8)	0.9
Currency translation	(3.5)	(1.5)
End of year	148.2	102.6

Notes continued

19 Share capital and share based payments

	2021 £m	2020 £m
Issued and fully paid ordinary shares of 32¹⁄₇p each	**108.4**	108.3

Number of ordinary shares in issue and fully paid	2021	2020
Beginning of year	**336,998,961**	336,792,607
Issued – option exercises	**399,835**	206,354
End of year	**337,398,796**	336,998,961

The Company operates a number of share plans for the benefit of employees of the Company and its subsidiaries. Further details of the share plans as they relate to the directors of the Company are set out in the Directors' remuneration report.

Sharesave Scheme, International Sharesave Plan and Irish Sharesave Plan

For many years, the Company has operated all employee savings related share option schemes. The existing scheme in the UK, the Bunzl plc Sharesave Scheme, was approved by shareholders at the 2011 Annual General Meeting ('AGM') and renewal amendments were approved by shareholders at the 2021 AGM. It is an HMRC tax advantaged scheme and is open to all eligible UK employees, including UK based executive directors.

The Bunzl Irish Sharesave Plan, which is approved by the Irish Revenue Commissioners, and the Bunzl plc International Sharesave Plan, were first introduced in 2006 and have since been extended, most recently following the renewal of the Bunzl plc Sharesave Scheme in 2021.

The Bunzl plc Sharesave Scheme, Bunzl plc International Sharesave Plan and the Bunzl Irish Sharesave Plan operate on a similar basis with options granted to participating employees who have completed at least three months of continuous service at a discount of up to 20% of the market price prevailing shortly before the invitation to apply for the options. Depending on the scheme, options are normally exercisable either three or five years after they have been granted with employees saving up to £500 (2020: £500) per month (or the equivalent value in other currencies under the Bunzl plc International Sharesave Plan) or €500 (2020: €500) per month under the Bunzl Irish Sharesave Plan.

Long Term Incentive Plan 2004 ('2004 LTIP') and 2014 ('2014 LTIP')

The 2004 LTIP was approved by shareholders at the 2004 Annual General Meeting and expired in May 2014. No further share options or performance share awards have been granted under the 2004 LTIP since that date. The 2014 LTIP was approved by shareholders at the 2014 Annual General Meeting and replaced the 2004 LTIP. The operation of both LTIPs is overseen by the Remuneration Committee of the Board and each is divided into two parts.

Part A of the LTIP relates to the grant of market priced executive share options. In normal circumstances options granted under Part A are only exercisable if the relevant performance condition has been satisfied. The performance condition is based on the Company's adjusted earnings per share growth exceeding UK RPI inflation over three financial years by a specified margin (for the 2004 LTIP) or meeting certain specified targets (for the 2014 LTIP).

Part B of the LTIP relates to the grant of performance share awards and restricted share awards both of which are conditional rights to receive shares in the Company for nil consideration. Performance share awards and restricted awards will usually vest (i.e. become exercisable) on the third anniversary of their grant. The extent to which a performance share award will vest is usually subject to the extent to which the applicable performance conditions have been satisfied, based partly on the Company's total shareholder return performance, relative to a comparator group of companies over a three year period, and partly subject to the Company's adjusted earnings per share growth exceeding UK RPI inflation over three years by a specified margin (for the 2004 LTIP) or meeting certain specified targets (for the 2014 LTIP). The extent to which a restricted share award will vest is usually subject to the extent to which the applicable underpin condition has been satisfied. There are no set measures or targets in relation to the underpin condition. The basis of assessment is at the absolute discretion of the Remuneration Committee.

Investment in own shares

The Company holds a number of its ordinary shares in an employee benefit trust. The principal purpose of this trust is to hold shares in the Company for subsequent transfer to certain senior employees and executive directors in relation to options granted and awards made under the LTIPs and the Deferred Annual Share Bonus Scheme ('DASBS') over market purchase shares. Details of these plans are set out above and in the Directors' remuneration report. The assets, liabilities and expenditure of the trust have been incorporated in the consolidated financial statements. Finance expenses and administration charges are included in the income statement on an accruals basis. As at 31 December 2021 the trust held 1,831,893 (2020: 3,006,186) shares, upon which dividends have been waived, with an aggregate nominal value of £0.6m (2020: £1.0m) and market value of £52.9m (2020: £73.4m).

19 Share capital and share based payments continued

IFRS 2 disclosures

Options granted during the year have been valued using a Black-Scholes model. The fair value per option granted during the year and the assumptions used in the calculations are as follows:

	2021	2020
Grant date	**31.03.21–15.09.21**	10.03.20–30.10.20
Share price at grant date (£)	**23.23–25.28**	15.55–25.21
Exercise price (£)	**nil–26.03**	nil–23.92
Number of options granted during the year (shares)	**2,405,719**	3,418,392
Vesting period (years)	**3–5**	3–5.2
Expected volatility (%)	**19–21**	18–24
Option life (years)	**3.0–10**	3.0–10
Expected life (years)	**3.0–6.5**	3.0–6.7
Risk free rate of return (%)	**0.1–0.6**	0.0–0.2
Expected dividends expressed as a dividend yield (%)	**0.0–2.3**	2.1–3.3
Fair value per option (£)	**2.87–18.54**	1.34–22.34

The expected volatility is based on historical volatility over the last three to seven years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

The weighted average share price for options exercised by employees of the Company and its subsidiaries during the year was £26.37 (2020: £24.29). The total charge for the year relating to share based payments was £12.7m (2020: £14.9m). After tax the total charge was £8.4m (2020: £11.2m).

Details of share options and awards which have been granted and exercised, those which have lapsed during 2021 and those outstanding and available to exercise at 31 December 2021, whether over new issue or market purchase shares, under the Sharesave Scheme (2011), International Sharesave Plan, Irish Sharesave Plan, the 2004 LTIP Part A and Part B and 2014 LTIP Part A and Part B, are set out in the following table:

	Options outstanding at 01.01.2021	Grants/awards 2021		Exercises 2021		Lapses* 2021	Options outstanding at 31.12.21		Options available to exercise at 31.12.21
	Number	Number	Price (£)	Number	Price (£)	Number	Number	Price (£)	Number
Sharesave Scheme (2011)	649,528	313,410	17.81	222,897	15.28-19.16	86,314	653,727	15.28-19.16	2,497
International Sharesave Plan	267,493	110,154	17.81	82,420	15.28-19.16	30,950	264,277	15.28-19.16	1,998
Irish Sharesave Plan	39,355	14,166	17.81	19,100	15.28-19.16	3,901	30,520	15.28-19.16	–
2004 LTIP Part A	562,335	–	–	295,644	8.13-15.66	–	266,691	10.90-15.66	266,691
2014 LTIP Part A	10,114,066	1,705,506	26.03	2,029,037	16.38-24.01	207,747	9,582,788	16.38-26.03	3,358,418
2014 LTIP Part B	1,479,090	262,483	nil	295,238	nil	109,350	1,336,985	nil	56,895
	13,111,867	**2,405,719**		**2,944,336**		**438,262**	**12,134,988**		**3,686,499**

* Share option lapses relate to those which have either been forfeited or have expired during the year.

For the options outstanding at 31 December 2021, the weighted average fair values and the weighted average remaining contractual lives (being the time period from 31 December 2021 until the lapse date of each share option) are set out below:

	Weighted average fair value of options outstanding (£)	Weighted average remaining contractual life (years)
Sharesave Scheme (2011)	4.31	2.29
International Sharesave Plan	4.29	2.00
Irish Sharesave Plan	4.57	1.98
2004 LTIP and 2014 LTIP Part A	2.82	7.27
2004 LTIP and 2014 LTIP Part B	16.12	4.22

The outstanding share options and performance share awards are exercisable at various dates up to September 2031.

Notes continued

20 Dividends
Total dividends for the years in which they are recognised are:

	2021 £m	2020 £m
2019 interim		51.7
2019 additional interim*		119.8
2020 interim	**52.8**	
2020 final	**127.6**	
Total	**180.4**	171.5

Total dividends per share for the year to which they relate are:

	Per share	
	2021	2020
Interim	**16.2p**	15.8p
Final	**40.8p**	38.3p
Total	**57.0p**	54.1p

The 2021 interim dividend of 16.2p per share was paid on 5 January 2022 and comprised £54.3m of cash. The 2021 final dividend of 40.8p per share will be paid on 4 July 2022 to shareholders on the register at the close of business on 20 May 2022. The 2021 final dividend will comprise approximately £137m of cash.

* The 2019 final dividend of 35.8p per share recommended by the Board of directors of the Company in the 2019 Annual results announcement on 24 February 2020 was subsequently not proposed at the Annual General Meeting on 15 April 2020 as a result of the heightened uncertainty created by the Covid-19 pandemic. As a result of the better than expected trading performance during the first half of 2020, the Board of directors of the Company decided to reinstate the final dividend for the year ended 31 December 2019 at the same level as originally proposed (35.8p per share) as an additional interim dividend for the year ended 31 December 2019. This was paid on 16 November 2020 and comprised £119.8m of cash.

21 Contingent liabilities

	2021 £m	2020 £m
Bank guarantees	**1.5**	1.3

22 Directors' ordinary share interests
The interests of the directors, and their connected persons, in the share capital of the Company at 31 December were:

	2021	2020
Peter Ventress	**2,608**	2,608
Frank van Zanten	**153,116**	122,428
Richard Howes	**30,117**	8,363
Vanda Murray	**3,000**	3,000
Lloyd Pitchford	**4,000**	4,000
Stephan Nanninga	**–**	–
Vinodka Murria	**–**	–
Maria Fernanda Mejía	**–**	–
	192,841	140,399

Details of the directors' options and awards over ordinary shares made under the 2014 LTIP, Sharesave Scheme (2011) and DASBS are set out in the Directors' remuneration report. No changes to the directors' ordinary share interests shown in this Note and the Directors' remuneration report have taken place between 31 December 2021 and 28 February 2022.

23 Retirement benefits

The Group operates a number of defined benefit and defined contribution retirement benefit schemes in the US, the UK and elsewhere in Europe (including France, the Netherlands and the Republic of Ireland). The funds of the principal defined benefit schemes are administered by trustees and are held independently from the Group. Pension costs of defined benefit schemes are assessed in accordance with the advice of independent professionally qualified actuaries. Contributions to all schemes are determined in line with actuarial advice and local conditions and practices. Scheme assets for the purpose of IAS 19 'Employee Benefits' are stated at their bid value.

Characteristics of defined benefit pension schemes

UK

The UK defined benefit scheme is a contributory defined benefit pension scheme providing benefits based on final pensionable pay. The scheme has been closed to new members since 2003. The valuation of the UK defined benefit pension scheme has been updated to 31 December 2021 by the Group's actuaries.

The UK scheme is an HMRC registered pension scheme and is subject to standard UK pensions and tax law. This means that the payment of contributions and benefits are subject to the appropriate tax treatments and restrictions and the scheme is subject to the scheme funding requirements outlined in section 224 of the Pensions Act 2004.

In accordance with UK trust and pensions law, the pension scheme has a corporate trustee. Although the Company bears the financial cost of the scheme, the responsibility for the management and governance of the scheme lies with the trustee, which has a duty to act in the best interest of members at all times. The assets of the scheme are held in trust by the trustee who consults with the Company on investment strategy decisions.

The trustee, in agreement with the Company, has hedging in place to reduce the impact of inflation and interest rate movements on the funding of the plan.

The last full triennial valuation on the UK defined benefit pension scheme was carried out by a qualified actuary as at 5 April 2018 and showed that there was a deficit on the agreed funding basis. To address the deficit, the Company has agreed to contribute an additional £5.5m per year from March 2019 to 30 June 2022. The triennial valuation as at 5 April 2021 is ongoing.

US

The principal US defined benefit pension scheme is a non-contributory defined benefit pension scheme providing benefits based on final pensionable pay. The scheme has been closed to new members since 2003. The valuation of the US defined benefit pension scheme has been updated to 31 December 2021 by the Group's actuaries.

The US scheme is a qualified pension scheme and is subject to standard regulations under the Employee Retirement Income Security Act of 1974, the Pension Protection Act of 2006 and the Department of Labor and Internal Revenue reporting requirements. The scheme pays annual premiums to the Pension Benefit Guaranty Corporation to insure the benefits of the scheme.

The assets of the scheme are held in trust by an independent custodian. The Company has established a Retirement Scheme Investment Committee. The members of the Committee are the scheme fiduciaries and, as such, are ultimately responsible for the management of the scheme assets. The Committee performs the oversight function and delegates the day-to-day management process to appropriate staff. A registered investment adviser advises the Committee regarding the investment of scheme assets.

A de-risking strategy has been agreed for the scheme to reduce the mismatch between the assets and liabilities, whereby investments are switched from return seeking assets to liability matching assets as the funding improves, based on pre-agreed triggers.

Annual actuarial valuations are performed on the US defined benefit pension scheme. The last annual review was carried out by a qualified actuary as at 1 January 2021 and showed that there was a required annual contribution of $3.4m. In 2022, the Group plans to contribute $6.0m which also includes a contribution prior to the termination of one of the schemes. In 2021, Bunzl paid a contribution of $1.1m for the 2020 plan year. The annual review as at 1 January 2022 is ongoing.

Risks

The main risks to which the Group is exposed in relation to the defined benefit pension schemes are described below:

- Inflation risk – the majority of the UK scheme's liabilities increase in line with inflation and, as a result, if inflation is greater than expected the liabilities will increase. The impact of high inflation is capped each year for the UK scheme's benefits. The US scheme's liabilities are not directly tied to inflationary increases.
- Interest rate risk – a fall in bond yields will increase the value of the schemes' liabilities. A proportion of both the UK and US schemes' assets are invested in liability matching assets to mitigate the interest rate and also the inflation risk.
- Mortality risk – the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the schemes and consequently increases in the schemes' liabilities. The mortality assumptions are reviewed on a regular basis to minimise the risk of using an inappropriate assumption.

Notes continued

23 Retirement benefits continued

Risks continued

- Investment risk – the schemes invest in a diversified range of asset classes to mitigate the risk of falls in any one area of the investments. In the UK, the trustee implements partial currency hedging on the overseas assets to mitigate currency risk.

The risks mentioned above could lead to a material change to the deficit or surplus of the pension schemes. Given the long term time horizon of the schemes' cash flows, the assumptions used can lead to volatility in the scheme valuations from year to year. The Company and the trustee of the UK scheme seek to mitigate actively the risks associated with the schemes.

A higher defined benefit obligation could lead to additional funding requirements in future years. Any deficit measured on a funding valuation basis, which may differ from the actuarial valuation under IAS 19, will generally be financed over a period that ensures the contributions are appropriate to the Group and in line with the relevant regulations.

Financial information

The amounts included in the consolidated financial statements at 31 December were:

Amounts included in the income statement	2021 £m	2020 £m
Defined contribution pension schemes	23.0	22.0
Defined benefit pension schemes		
current service cost (net of contributions by employees)	5.7	6.2
past service cost	0.1	–
losses on curtailment and settlement	0.7	–
Total included in employee costs excluding non-recurring pensions scheme charges	29.5	28.2
Defined benefit pension schemes		
past service cost recognised in non-recurring pension scheme charges	–	0.4
Total included in employee costs	29.5	28.6
Amounts included in finance (income)/expense		
Net interest income on defined benefit pension schemes in surplus	(0.1)	(0.3)
Net interest expense on defined benefit pension schemes in deficit	0.8	1.0
Total charge to the income statement	30.2	29.3

Amounts recognised in the statement of comprehensive income	2021 £m	2020 £m
Actual return less expected return on pension scheme assets	26.1	57.9
Experience gain on pension scheme liabilities	20.1	2.0
Impact of changes in financial assumptions relating to the present value of pension scheme liabilities	20.1	(77.4)
Impact of changes in demographic assumptions relating to the present value of pension scheme liabilities	7.8	1.3
Actuarial gain/(loss) on defined benefit pension schemes	74.1	(16.2)

The cumulative amount of net actuarial losses arising since 1 January 2004 recognised in the statement of comprehensive income at 31 December 2021 was £41.9m (2020: £116.0m).

The principal assumptions used by the independent qualified actuaries for the purposes of IAS 19 were:

UK	2021	2020
Longevity at age 65 for current pensioners (years)	22.0	22.0
Longevity at age 65 for future pensioners (years)	23.4	23.4
US		
Longevity at age 65 for current and future pensioners (years)	21.6	21.4

			UK			US
	2021	2020	2019	2021	2020	2019
Rate of increase in salaries	3.8%	3.4%	3.4%	3.0%	3.0%	3.0%
Rate of increase in pensions	2.8%	2.4%	2.2%	–	–	–
Discount rate	1.8%	1.4%	2.1%	2.6%	2.3%	3.1%
Inflation rate	2.8%	2.4%	2.2%	2.3%	2.3%	2.3%

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice.

23 Retirement benefits continued

Financial information continued

The increase/(decrease) that would arise on the overall net pension surplus as at 31 December 2021 as a result of reasonably possible changes to key assumptions was:

	Impact of change in longevity		Impact of change in inflation rate		Impact of change in discount rate	
	+1 year £m	–1 year £m	+0.25% £m	–0.25% £m	+0.25% £m	–0.25% £m
UK	(14.8)	15.6	(9.5)	9.1	17.2	(18.9)
US	(3.7)	3.8	–	–	3.0	(3.2)

The market value of pension scheme assets and the present value of retirement benefit obligations at 31 December were:

2021	UK £m	US £m	Other £m	Total £m
Equities	149.9	52.1	3.0	205.0
Bonds	308.8	46.4	9.9	365.1
Other	0.3	16.1	13.9	30.3
Total market value of pension scheme assets	459.0	114.6	26.8	600.4
Present value of funded obligations	(396.2)	(122.4)	(28.1)	(546.7)
Present value of unfunded obligations	–	(11.2)	(11.3)	(22.5)
Present value of funded and unfunded obligations	(396.2)	(133.6)	(39.4)	(569.2)
Defined benefit pension schemes in deficit	–	(19.0)	(13.4)	(32.4)
Defined benefit pension schemes in surplus	62.8	–	0.8	63.6
Total surplus/(deficit) before tax	62.8	(19.0)	(12.6)	31.2
Deferred tax	(15.7)	4.4	3.4	(7.9)
Total surplus/(deficit) after tax	47.1	(14.6)	(9.2)	23.3

2020	UK £m	US £m	Other £m	Total £m
Equities	143.3	58.0	4.1	205.4
Bonds	293.9	54.0	8.6	356.5
Other	1.1	13.7	15.6	30.4
Total market value of pension scheme assets	438.3	125.7	28.3	592.3
Present value of funded obligations	(437.9)	(142.9)	(31.1)	(611.9)
Present value of unfunded obligations	–	(11.6)	(13.6)	(25.2)
Present value of funded and unfunded obligations	(437.9)	(154.5)	(44.7)	(637.1)
Defined benefit pension schemes in deficit	–	(28.8)	(16.4)	(45.2)
Defined benefit pension schemes in surplus	0.4	–	–	0.4
Total surplus/(deficit) before tax	0.4	(28.8)	(16.4)	(44.8)
Deferred tax	(0.1)	6.8	4.6	11.3
Total surplus/(deficit) after tax	0.3	(22.0)	(11.8)	(33.5)

There is a net surplus of £47.1m (£62.8m before deferred tax) (2020: £0.3m (£0.4m before deferred tax)) on the UK scheme, which is recorded separately as a defined benefit pension asset on the balance sheet. In accordance with IFRIC 14, the surplus on the scheme is recognised as a defined benefit asset because the Group considers that it has an unconditional right to a refund of any surplus from the UK scheme.

Of the pension scheme assets, £574.9m (2020: £566.6m) are valued based on a quoted market prices.

Movement in net surplus/(deficit)	2021 £m	2020 £m
Beginning of year	(44.8)	(36.0)
Current service cost	(5.7)	(6.2)
Past service cost	(0.1)	(0.4)
Contributions	8.4	14.6
Net interest expense	(0.7)	(0.7)
Actuarial gain/(loss)	74.1	(16.2)
Net benefit obligation attributable to settlement	(0.7)	–
Currency translation	0.7	0.1
End of year	31.2	(44.8)

Notes continued

23 Retirement benefits continued

Financial information continued

Changes in the present value of defined benefit pension scheme liabilities	2021 £m	2020 £m
Beginning of year	**637.1**	572.6
Current service cost	**5.7**	6.2
Past service cost	**0.1**	0.4
Interest expense	**9.8**	12.9
Contributions by employees	**0.5**	0.6
Benefit obligation attributable to settlement	**(7.7)**	–
Actuarial (gain)/loss	**(48.0)**	74.1
Benefits paid	**(27.7)**	(26.1)
Currency translation	**(0.6)**	(3.6)
End of year	**569.2**	637.1

Changes in the fair value of defined benefit pension scheme assets	2021 £m	2020 £m
Beginning of year	**592.3**	536.6
Interest income	**9.1**	12.2
Actuarial gain	**26.1**	57.9
Contributions by employer	**8.4**	14.6
Contributions by employees	**0.5**	0.6
Benefits paid due to settlement	**(8.4)**	–
Benefits paid	**(27.7)**	(26.1)
Currency translation	**0.1**	(3.5)
End of year	**600.4**	592.3

The actual return on pension scheme assets was a gain of £35.2m (2020: gain of £70.1m).

The Group expects to pay approximately £12.0m in contributions to the defined benefit pension schemes in the year ending 31 December 2022 (expected as at 31 December 2020 for the year ending 31 December 2021: £15.3m) including £6.8m for the UK (expected as at 31 December 2020 for the year ending 31 December 2021: £7.0m).

The weighted average duration of the defined benefit pension scheme liabilities at 31 December 2021 was approximately 18.2 years (2020: 19.4 years) for the UK and 10.4 years (2020: 11.7 years) for the US.

The total defined benefit pension scheme liabilities are divided between active members (£155.5m (2020: (£206.8m)), deferred members (£186.0m (2020: £204.2m)) and pensioners (£227.7m (2020: £226.1m)).

Multi-employer pension plans

The Group participates in six multi-employer pensions plans ('MEPPs') in North America. Although these plans are defined benefit plans the Group does not have sufficient information to account for them as defined benefit plans and, therefore, in accordance with IAS 19, accounts for them as defined contribution plans.

For MEPPs, US law requires payment of a withdrawal liability when employers cease contributing to underfunded MEPPs. The liability for withdrawal payments is shared by all members of the group of companies in any particular plan and solvent entities must cover the unfunded liabilities of employers who are unable to pay due to insolvency or bankruptcy. On withdrawal from a plan, an employer's withdrawal liability amount is calculated by reference to the employer's proportionate share of the MEPP's unfunded vested benefits based on the employer's share of all contributions made to the plan over the previous 10 years.

During 2020 the Group reviewed its exposure to the six MEPPs in which it participated and determined that it was in its best interests to serve notice to withdraw from three of the plans due to their critical funding status, recognising a provision for the estimated withdrawal liability for these three plans of £15.3m as at 31 December 2020, as shown in Note 17. During the year, the Group has agreed to pay a lump sum to settle the liability at the amount equal to that provided (£3.2m) for one of these plans. Negotiations on the Group's exit from the other two plans remain ongoing.

The Group continues to participate in the other three MEPPs and continues to account for these as defined contribution plans with the combined ongoing annual contributions for the three plans in 2022 expected to be no more than £2m per annum.

24 Directors and employees

Number of employees	Closing 2021	Closing 2020	Average 2021	Average 2020
North America	**8,189**	7,618	**7,936**	7,078
Continental Europe	**5,292**	5,151	**5,221**	5,042
UK & Ireland	**4,082**	3,671	**3,812**	3,808
Rest of the World	**3,386**	3,348	**3,368**	3,248
	20,949	19,788	**20,337**	19,176
Corporate	**72**	65	**69**	63
	21,021	19,853	**20,406**	19,239

Employee costs	2021 £m	2020 £m
Wages and salaries	**801.8**	801.2
Social security costs	**90.8**	90.8
Pension costs	**29.5**	28.2
Share based payments	**12.7**	14.9
	934.8	935.1
GMP equalisation charge	**–**	0.4
MEPP withdrawal liability charge	**–**	16.4
	934.8	951.9

In addition to the above, acquisition related items for the year ended 31 December 2021 include deferred consideration payments of £15.0m (2020: £13.2m) relating to the retention of former owners of businesses acquired.

Key management remuneration	2021 £m	2020 £m
Salaries and short term employee benefits	**6.7**	7.1
Share based payments	**2.7**	2.5
Retirement benefits	**0.7**	0.7
	10.1	10.3

The Group considers key management personnel as defined in IAS 24 'Related Party Disclosures' to be the directors of the Company and those members of the Executive Committee and the Managing Directors of the major geographic regions who are not directors of the Company.

Directors' emoluments	2021 £m	2020 £m
Non-executive directors	**0.8**	0.7
Executive directors:		
remuneration excluding performance related elements	**1.7**	1.7
annual bonus	**1.3**	1.3
	3.8	3.7

More detailed information concerning directors' emoluments and long term incentives is set out in the Directors' remuneration report. The aggregate amount of gains made by directors on the exercise of share options during the year was nil (2020: £0.1m). The aggregate market value of performance share awards exercised by directors under long term incentive schemes during the year was £1.8m (2020: £0.8m). The aggregate market value of share awards exercised by directors under the DASBS was £0.5m (2020: £0.2m).

Notes continued

25 Lease liabilities

The Group leases certain property, plant, equipment and vehicles under non-cancellable operating lease agreements. These leases have varying terms and renewal rights.

Movement in lease liabilities

	2021 £m	2020 £m
Beginning of year	497.5	480.0
Acquisitions (Note 28)	12.9	35.2
New leases	112.6	100.1
Interest charge in the year	20.3	22.5
Payment of lease liabilities	(158.9)	(159.6)
Remeasurement adjustments	11.5	24.2
Currency translation	(7.2)	(4.9)
End of year	488.7	497.5
Ageing of lease liabilities:		
Current lease liabilities	129.1	129.1
Non-current lease liabilities	359.6	368.4
End of year	488.7	497.5

As at 31 December 2021, the Group had £21.2m (2020: £8.6m) of leases which had been committed to but which had not yet started. Such leases are not included in the Group's lease liabilities as at 31 December 2021. In relation to leases which are included in lease liabilities, there are potential further future cash flows of £28.5m (2020: £26.5m) if termination options are not exercised and extension options are exercised.

The cash outflow for low value and short term leases was £6.2m for the year ended 31 December 2021 (2020: £8.0m).

26 Cash and cash equivalents and net debt

	2021 £m	2020 £m
Cash at bank and in hand	776.9	944.3
Bank overdrafts	(551.6)	(514.6)
Cash and cash equivalents	225.3	429.7
Interest bearing loans and borrowings – current liabilities	(111.9)	(79.9)
Interest bearing loans and borrowings – non-current liabilities	(1,433.7)	(1,615.2)
Derivatives managing the interest rate risk and currency profile of the debt	(17.1)	10.4
Net debt excluding lease liabilities	(1,337.4)	(1,255.0)
Lease liabilities	(488.7)	(497.5)
Net debt including lease liabilities	(1,826.1)	(1,752.5)

The cash at bank and in hand and bank overdrafts amounts included in the table above include the amounts associated with the Group's cash pool. The cash pool enables the Group to access cash in its subsidiaries to pay down the Group's borrowings. The Group has the legal right of set-off of balances within the cash pool which is an enforceable right which the Group intends to use. The cash at bank and in hand and bank overdrafts figures net of the amounts in the cash pool are disclosed below for reference:

	2021 £m	2020 £m
Cash at bank and in hand net of amounts in the cash pool	274.6	475.3
Bank overdrafts net of amounts in the cash pool	(49.3)	(45.6)
Cash and cash equivalents	225.3	429.7

27 Movement in net debt

2021	Net debt £m	Cash and cash equivalents £m	Other components £m
Beginning of year excluding lease liabilities	(1,255.0)	429.7	(1,684.7)
Net cash outflow	(88.2)	(183.6)	95.4
Realised gain on foreign exchange contracts	25.0	–	25.0
Currency translation	(19.2)	(20.8)	1.6
End of year excluding lease liabilities	(1,337.4)	225.3	(1,562.7)
Lease liabilities	(488.7)	–	(488.7)
End of year including lease liabilities	(1,826.1)	225.3	(2,051.4)

2020	Net debt £m	Cash and cash equivalents £m	Other components £m
Beginning of year excluding lease liabilities	(1,247.0)	140.8	(1,387.8)
Net cash inflow	14.1	288.0	(273.9)
Realised losses on foreign exchange contracts	(37.1)	–	(37.1)
Currency translation	15.0	0.9	14.1
End of year excluding lease liabilities	(1,255.0)	429.7	(1,684.7)
Lease liabilities	(497.5)	–	(497.5)
End of year including lease liabilities	(1,752.5)	429.7	(2,182.2)

The net cash inflow of £95.4m (2020: outflow of £273.9m) on other components of net debt comprises an increase in borrowings of £14.5m (2020: £444.5m), a repayment of borrowings of £134.9m (2020: £133.5m) and the impact of a realised gain of £25.0m on foreign exchange contracts (2020: loss of £37.1m).

28 Acquisitions

Acquisitions involving the purchase of the acquiree's share capital or, as the case may be, the relevant assets of the businesses acquired, have been accounted for under the acquisition method of accounting. A key part of the Group's strategy is to grow through acquisition. The Group has developed a process to assist with the identification of the fair values of the assets acquired and liabilities assumed, including the separate identification of intangible assets in accordance with IFRS 3 'Business Combinations' as revised. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. At 31 December 2021 the allocation period for all acquisitions completed since 1 January 2021 remained open and accordingly the fair values presented are provisional.

Adjustments are made to the assets acquired and liabilities assumed during the allocation period to the extent that further information and knowledge come to light that more accurately reflect conditions at the acquisition date. Adjustments are made to the value of assets acquired to reflect more accurately the estimated realisable or settlement value. Similarly, adjustments are made to acquired liabilities to record onerous commitments or other commitments existing at the acquisition date but not recognised by the acquiree. Adjustments are also made to reflect the associated tax effects. During the year ended 31 December 2021 adjustments have been recognised to the fair value of assets and liabilities acquired related to acquisitions made in the prior year, resulting in a net increase to goodwill of £3.4m. Given the immaterial amounts involved the fair value of assets and liabilities acquired as reported in the prior year have not been restated.

The consideration paid or payable in respect of acquisitions comprises amounts paid on completion, deferred consideration and payments which are contingent on the retention of former owners of businesses acquired. Any payments that are contingent on future employment, including payments which are contingent on the retention of former owners of businesses acquired, are charged to the income statement. All other consideration has been allocated against the identified net assets, with the balance recorded as goodwill. Transaction costs and expenses such as professional fees are charged to the income statement. The acquisitions provide opportunities for further development of the Group's activities and to create enhanced returns. Such opportunities and the workforces inherent in each of the acquired businesses do not translate to separately identifiable intangible assets but do represent much of the assessed value that supports the recognised goodwill.

For each of the businesses acquired and announced during the year, the name of the business, the market sector served, its location and date of acquisition, as well as the estimated annualised revenue it would have contributed to the Group for the year if such acquisitions had been made at the beginning of the year, are separately disclosed. The remaining disclosures required by IFRS 3 are provided separately for those individual acquisitions that are considered to be material and in aggregate for individually immaterial acquisitions. An acquisition would generally be considered individually material if the impact on the Group's revenue or profit measures (on an annualised basis) or the relevant amounts on the balance sheet is greater than 5%. Management also applies judgement in considering whether there are any material qualitative differences from other acquisitions made.

Notes continued

28 Acquisitions continued

2021

Summary details of the businesses acquired during the year ended 31 December 2021 are shown in the table below:

Business	Sector	Country	Acquisition date 2021	Annualised revenue £m
Deliver Net	Healthcare	UK	31 January	19.5
Pinnacle	Cleaning & Hygiene	Canada	1 February	11.3
Disposable Discounter[1]	Foodservice	Netherlands	2 February	23.6
Comax	Cleaning & Hygiene	UK	31 May	16.4
Harvey Distributors	Cleaning & Hygiene	Australia	31 May	4.4
Obex Medical Holdings[2]	Healthcare	New Zealand	1 June	28.7
Proin Pinilla	Safety	Spain	22 July	14.3
Arprosa	Safety	Spain	31 July	6.6
Medshop[3]	Healthcare	Australia	8 September	14.4
Intergro	Foodservice	US	30 September	22.3
McCue Corporation[4]	Safety	US	15 October	72.6
Workwear Express[5]	Safety	UK	26 October	33.2
Hydropac[6]	Foodservice	UK	4 November	8.4
Tingley Rubber	Safety	US	21 December	46.7
Acquisitions agreed and completed in the current year				**322.4**

1 Acquisition of 75.1% of share capital.
2 Acquisition of 99.1% of share capital.
3 Acquisition of 75.1% of share capital.
4 Acquisition of 96.9% of share capital.
5 Acquisition of 96.3% of share capital.
6 Located in the UK, but reporting through Continental Europe.

The acquisition of McCue Corporation is considered to be individually significant due to its impact on intangible assets. The acquisition is therefore separately disclosed in the table below. In 2020 the acquisition of MCR Safety was considered to be individually significant and is shown separately in the table below. A summary of the effect of acquisitions in 2021 and 2020 is shown below:

	McCue £m	Other £m	2021 Total £m	MCR Safety £m	Other £m	2020 Total £m
Customer relationships	107.1	127.7	234.8	104.5	67.7	172.2
Brands	8.6	3.2	11.8	13.7	–	13.7
Property, plant and equipment and software	1.2	6.5	7.7	6.5	4.1	10.6
Right-of-use assets	3.4	9.2	12.6	18.0	17.2	35.2
Inventories	10.1	22.7	32.8	62.0	40.2	102.2
Trade and other receivables	25.1	38.7	63.8	35.0	54.6	89.6
Trade and other payables	(18.5)	(42.4)	(60.9)	(20.2)	(44.0)	(64.2)
Net cash	5.0	6.3	11.3	7.4	1.5	8.9
Provisions	(0.4)	(4.3)	(4.7)	(0.2)	(4.2)	(4.4)
Lease liabilities	(3.6)	(9.3)	(12.9)	(18.0)	(17.2)	(35.2)
Derivative liabilities	–	(0.1)	(0.1)	–	–	–
Income tax payable and deferred tax liabilities	(29.1)	(28.2)	(57.3)	(0.1)	(9.8)	(9.9)
Fair value of net assets acquired	108.9	130.0	238.9	208.6	110.1	318.7
Goodwill	132.5	108.3	240.8	71.8	37.0	108.8
Consideration	241.4	238.3	479.7	280.4	147.1	427.5
Satisfied by:						
cash consideration	234.3	208.5	442.8	245.2	122.7	367.9
deferred consideration	7.1	29.8	36.9	35.2	24.4	59.6
	241.4	238.3	479.7	280.4	147.1	427.5
Contingent payments relating to retention of former owners	8.4	22.5	30.9	1.4	17.7	19.1
Net cash acquired	(5.0)	(6.3)	(11.3)	(7.4)	(1.5)	(8.9)
Transaction costs and expenses	1.7	6.6	8.3	2.1	5.2	7.3
Total committed spend in respect of acquisitions agreed and completed in the current year	246.5	261.1	507.6	276.5	168.5	445.0

28 Acquisitions continued

The net cash outflow in the year in respect of acquisitions comprised:

	McCue £m	Other £m	2021 Total £m	MCR Safety £m	Other £m	2020 Total £m
Cash consideration	234.3	208.5	442.8	245.2	122.7	367.9
Net cash acquired	(5.0)	(6.3)	(11.3)	(7.4)	(1.5)	(8.9)
Deferred consideration payments	–	5.2	5.2	–	4.2	4.2
Net cash outflow in respect of acquisitions	229.3	207.4	436.7	237.8	125.4	363.2
Transaction costs and expenses paid	1.5	7.6	9.1	1.3	5.8	7.1
Payments relating to retention of former owners	–	6.9	6.9	–	17.2	17.2
Total cash outflow in respect of acquisitions	230.8	221.9	452.7	239.1	148.4	387.5

Acquisitions completed in the year ended 31 December 2021 contributed £123.2m (2020: £356.0m) to the Group's revenue, £17.3m (2020: £22.5m) to the Group's adjusted operating profit and £10.6m (2020: £18.0m) to the Group's operating profit for the year ended 31 December 2021.

The estimated contributions from acquisitions completed during the year to the results of the Group for the year ended 31 December if such acquisitions had been made at the beginning of the year, are as follows:

	2021 £m	2020 £m
Revenue	322.4	601.8
Adjusted operating profit	46.3	50.0

The total amount of goodwill expected to be deductible for tax purposes in relation to acquisitions completed during the year is £9.3m (2020: £78.6m).

2020

Summary details of the businesses acquired or agreed to be acquired during the year ended 31 December 2020 are shown in the table below:

Business	Sector	Country	Acquisition date 2020	Annualised revenue £m
Joshen Paper & Packaging	Grocery	US	6 January	254.9
Medcorp	Healthcare	Brazil	31 January	9.4
Bodyguard Workwear	Safety	UK	28 February	7.6
MCR Safety	Safety	US	1 September	206.7
Abco Kovex[1]	Other	Ireland	30 September	20.3
ICM[2]	Safety	Denmark	30 October	49.5
SP Equipamentos	Safety	Brazil	30 November	23.9
Snelling	Cleaning & Hygiene	Canada	7 December	27.2
Other				2.3
Acquisitions agreed and completed in 2020				**601.8**

1 Acquisition of 80% of share capital.
2 Acquisition of 78.9% of share capital.

Notes continued

29 Cash flow from operating activities

The tables below give further details on the adjustments for depreciation and software amortisation, other non-cash items and the working capital movement shown in the Consolidated cash flow statement.

Depreciation and software amortisation	2021 £m	2020 £m
Depreciation of right-of-use assets	134.8	134.8
Other depreciation and software amortisation	36.4	36.9
	171.2	171.7

Other non-cash items	2021 £m	2020 £m
Share based payments	12.7	14.9
Provisions	(8.0)	4.7
Retirement benefit obligations	(1.9)	(8.4)
Other	1.6	2.0
	4.4	13.2

Working capital movement	2021 £m	2020 £m
Increase in inventories	(32.9)	(192.5)
Increase in trade and other receivables	(10.7)	(81.0)
Increase in trade and other payables	45.7	278.5
	2.1	5.0

30 Related party disclosures

The Group has identified the directors of the Company, their close family members, the Group's defined benefit pension schemes and its key management as related parties for the purpose of IAS 24. Details of the relevant relationships with these related parties are disclosed in the Directors' remuneration report, Note 23 and Note 24 respectively. All transactions with subsidiaries are eliminated on consolidation.

Company balance sheet
at 31 December 2021

	Notes	2021 £m	2020 £m
Fixed assets			
Property, plant and equipment	3	**0.3**	0.4
Right-of-use assets	4	**0.2**	0.7
Intangible assets	3	**0.8**	1.1
Investments	5	**729.8**	718.4
		731.1	720.6
Current assets			
Deferred tax asset	6	**–**	1.8
Defined benefit pension asset	11	**62.8**	0.4
Debtors: amounts falling due after more than one year	7	**837.9**	837.9
Debtors: amounts falling due within one year	7	**764.9**	647.7
Cash at bank and in hand		**30.6**	0.2
		1,696.2	1,488.0
Current liabilities			
Creditors: amounts falling due within one year	8	**(98.8)**	(98.1)
Lease liabilities	10	**(0.2)**	(0.7)
Net current assets		**1,597.2**	1,389.2
Total assets less current liabilities		**2,328.3**	2,109.8
Non-current liabilities			
Provisions	9	**(1.0)**	(1.6)
Lease liabilities	10	**–**	(0.2)
Deferred tax liability	6	**(12.0)**	–
Net assets		**2,315.3**	2,108.0
Capital and reserves			
Share capital	12	**108.4**	108.3
Share premium		**194.2**	187.7
Other reserves		**5.6**	5.6
Capital redemption reserve	13	**16.1**	16.1
Profit and loss account†	13	**1,991.0**	1,790.3
Total shareholders' funds		**2,315.3**	2,108.0

Approved by the Board of directors of Bunzl plc (Company registration number 358948) on 28 February 2022 and signed on its behalf by Frank van Zanten, Chief Executive Officer and Richard Howes, Chief Financial Officer.

The Accounting policies and other Notes on pages 207 to 212 form part of these financial statements.

† Profit and loss account includes a net profit after tax for the year of £304.1m (2020: £268.1m). As permitted by section 408(3) of the Companies Act 2006, the profit and loss account of the Company has not been separately presented in these financial statements.

Company statement of changes in equity

for the year ended 31 December 2021

	Share capital £m	Share premium £m	Other reserves £m	Capital redemption reserve £m	Profit and loss account: Own shares £m	Profit and loss account: Retained earnings £m	Total shareholders' funds £m
At 1 January 2021	**108.3**	**187.7**	**5.6**	**16.1**	**(73.4)**	**1,863.7**	**2,108.0**
Profit for the year						**304.1**	**304.1**
Other comprehensive income							
Contributions to pension scheme by participating subsidiaries						**4.6**	**4.6**
Actuarial gain on defined benefit pension scheme						**58.0**	**58.0**
Income tax charge on other comprehensive income						**(15.6)**	**(15.6)**
Total comprehensive income						**351.1**	**351.1**
2020 interim dividend						**(52.8)**	**(52.8)**
2020 final dividend						**(127.6)**	**(127.6)**
Issue of share capital	**0.1**	**6.5**					**6.6**
Employee trust shares					**15.5**		**15.5**
Movement on own share reserves					**5.0**	**(5.0)**	**–**
Share based payments						**14.5**	**14.5**
At 31 December 2021	**108.4**	**194.2**	**5.6**	**16.1**	**(52.9)**	**2,043.9**	**2,315.3**

	Share capital £m	Share premium £m	Other reserves £m	Capital redemption reserve £m	Profit and loss account: Own shares £m	Profit and loss account: Retained earnings £m	Total shareholders' funds £m
At 1 January 2020	108.3	184.0	5.6	16.1	(69.9)	1,766.0	2,010.1
Profit for the year						268.1	268.1
Other comprehensive income							
Contributions to pension scheme by participating subsidiaries						4.5	4.5
Actuarial loss on defined benefit pension scheme						(14.9)	(14.9)
Income tax credit on other comprehensive income						2.0	2.0
Total comprehensive income						259.7	259.7
2019 interim dividend						(51.7)	(51.7)
2019 final dividend						(119.8)	(119.8)
Issue of share capital	–	3.7					3.7
Employee trust shares					(9.4)		(9.4)
Movement on own share reserves					5.9	(5.9)	–
Share based payments						15.4	15.4
At 31 December 2020	108.3	187.7	5.6	16.1	(73.4)	1,863.7	2,108.0

Notes to the Company financial statements

1 Basis of preparation

Bunzl plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. These financial statements present information about the Company as an individual undertaking and not about its Group. The financial statements of the Company have been prepared on a going concern basis and under the historical cost convention with the exception of certain items which are measured at fair value as described in the accounting policies below.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006 as applicable to companies using FRS 101. There are no new standards, amendments or interpretations that are applicable to the Company for the year ended 31 December 2021. In preparing these financial statements the Company has applied the exemptions available under FRS 101 in respect of:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- disclosures relating to transactions with wholly owned subsidiaries and capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures relating to the compensation of key management personnel.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also applied the exemptions available under FRS 101 in respect of:

- certain disclosures required by IFRS 2 'Share Based Payments' in respect of Group settled share based payments; and
- certain disclosures required by IFRS 13 'Fair Value Measurement' and disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

2 Accounting policies

The accounting policies of the Company have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. In most cases the accounting policies for the Company are fully aligned with the equivalent accounting policies for the Group as stated on pages 163 to 169 in Note 2 to the consolidated financial statements. The accounting policies of the Company which are aligned with those of the Group are the policies for tangible assets, leases, intangible assets, income tax, trade and other payables, provisions, retirement benefits, investment in own shares, dividends and leases. The accounting policies that are specific to the Company are set out below.

a. Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less any provision for impairment. The subsidiary undertakings which the Company held at 31 December 2021 are disclosed in the Related undertakings Note in the Shareholder information section on pages 222 to 228.

b. Share based payments

The Company operates a number of equity settled share based payment compensation plans. Details of these plans are outlined in Note 19 to the consolidated financial statements and the Directors' remuneration report. The total expected expense is based on the fair value of options and other share based incentives on the grant date, calculated using a valuation model, and is spread over the expected vesting period with a corresponding credit to equity.

Where the Company grants options over its own shares to the employees of its subsidiaries and it has not recharged the cost to the relevant subsidiaries, it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity settled share based payment charge recognised in its consolidated financial statements, with the corresponding credit being recognised directly in equity.

c. Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes to the Company financial statements continued

2 Accounting policies continued

d. Intercompany and other receivables

Intercompany and other receivables are initially measured at fair value. Subsequent to initial recognition these assets are measured at amortised cost less any provision for expected credit losses. The Group measures expected credit losses using the expected credit loss model in accordance with IFRS 9. There were no impairment losses on intercompany or other receivables during the year (2020: none).

e. Defined benefit pension schemes

The Company is the sponsoring company of the UK defined benefit pension scheme. As there is no contractual agreement or stated Group policy for charging the net defined benefit cost of the scheme to participating subsidiaries, the net defined benefit pension cost or benefit is recognised fully by the Company. The contributions paid by the participating subsidiaries other than the Company are credited to profit or loss of the Company where the amounts relate to service and are independent of the number of years of service or to other comprehensive income if not linked to service.

f. Judgements made in applying the Company's accounting policies

In the course of preparing the financial statements, other than judgements involved in determining estimates and assumptions (see Note 2g below), no judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

g. Sources of estimation uncertainty

In applying the Company's accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect, there may be an impact on the following year's financial statements. As at 31 December 2021, the only source of estimation uncertainty that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the measurement of the defined benefit pension scheme liability which is explained in Note 2u to the consolidated financial statements.

3 Property, plant and equipment and intangible assets

	Short leasehold improvement £m	Fixtures, fittings and equipment £m	Total tangible assets £m	Total intangible assets £m
Cost				
Beginning and End of year	0.1	1.7	1.8	2.1
Accumulated depreciation and amortisation				
Beginning of year	0.1	1.3	1.4	1.0
Charge in year	–	0.1	0.1	0.3
End of year	0.1	1.4	1.5	1.3
Net book value at 31 December 2021	–	0.3	0.3	0.8
Net book value at 31 December 2020	–	0.4	0.4	1.1

4 Right-of-use assets: Property

Net book value	2021 £m	2020 £m
Beginning of year	**0.7**	1.2
Depreciation charge in the year	**(0.5)**	(0.5)
End of year	**0.2**	0.7

5 Investments

Investments in subsidiary undertakings	2021 £m	2020 £m
Cost		
Beginning of year	**721.7**	710.3
Additions	**11.4**	11.4
End of year	**733.1**	721.7
Impairment provisions		
Beginning and end of year	**3.3**	3.3
Net book value at 31 December	**729.8**	718.4

6 Deferred tax asset/(liability)

Recognised deferred tax assets net of deferred tax liabilities are attributable to the following:

	Defined benefit pension scheme £m	Share based payments £m	Other £m	Net deferred tax asset/ (liability) £m
1 January 2020	(1.9)	1.2	0.2	(0.5)
Recognised in profit or loss	(0.2)	–	–	(0.2)
Recognised in other comprehensive income or directly in equity	2.0	0.5	–	2.5
31 December 2020/1 January 2021	**(0.1)**	**1.7**	**0.2**	**1.8**
Recognised in profit or loss	–	–	–	–
Recognised in other comprehensive income or directly in equity	**(15.6)**	**1.8**	–	**(13.8)**
31 December 2021	**(15.7)**	**3.5**	**0.2**	**(12.0)**

No deferred tax asset has been recognised in respect of unutilised capital losses of £68.5m (2020: £68.5m).

During the year, legislation was passed to increase the UK Corporation tax rate to 25% from 1 April 2023. UK taxable profits earned before that date will be subject to the current tax rate of 19% but UK temporary differences at 31 December 2021 have been calculated at the rate of 25% because reversal is expected after April 2023. The impact of this change in tax rate on the income statement was not significant.

7 Debtors

	2021 £m	2020 £m
Debtors: amounts falling due within one year		
Amounts owed by Group undertakings	**760.3**	644.5
Prepayments and other debtors	**4.6**	3.2
	764.9	647.7
Debtors: amounts falling due after more than one year		
Amounts owed by Group undertakings	**837.9**	837.9

The carrying value of the amounts owed by Group undertakings falling due after more than one year is a reasonable approximation of their fair values. These amounts have a fixed repayment date and are interest bearing at an interest rate which is reset periodically based on the Bank of England base rate.

Notes to the Company financial statements continued

8 Creditors: amounts falling due within one year

	2021 £m	2020 £m
Trade creditors	**1.1**	0.7
Amounts owed to Group undertakings	**83.0**	82.1
Other tax and social security contributions	**0.8**	0.3
Income tax payable	**0.5**	0.5
Accruals	**13.4**	14.5
	98.8	98.1

Amounts due to Group undertakings are repayable on demand and are not interest bearing.

9 Provisions

	2021 £m	2020 £m
Beginning of year	**1.6**	1.7
Utilised or released	**(0.6)**	(0.1)
End of year	**1.0**	1.6

The provisions relate to properties, where amounts are held against liabilities for repairs and dilapidations, and other claims.

10 Lease liabilities

	2021 £m	2020 £m
Beginning of year	**(0.9)**	(1.6)
Interest charge in the year	**–**	(0.1)
Payments of lease liabilities	**0.7**	0.8
End of year	**(0.2)**	(0.9)
Ageing of lease liabilities:		
Current lease liabilities	**(0.2)**	(0.7)
Non-current lease liabilities	**–**	(0.2)
End of year	**(0.2)**	(0.9)

11 Retirement benefits

The Company operates a number of retirement benefit schemes in the UK, including both defined benefit and defined contribution schemes. A description of the characteristics and risks to which the Company is exposed in relation to the UK defined benefit pension scheme together with the principal assumptions used and sensitivity to changes in assumptions are detailed in Note 23 to the consolidated financial statements. The amounts included in the Company financial statements relating to the defined benefit pension scheme at 31 December were:

Amounts included in profit for the year	2021 £m	2020 £m
Current service cost (net of contributions by employees)	**2.4**	2.2
Past service cost	**–**	0.4
Net interest income	**(0.1)**	(0.3)
Contributions paid by participating subsidiaries linked to service	**(1.0)**	(1.2)
Total charge to profit for the year	**1.3**	1.1

11 Retirement benefits continued

Amounts recognised in other comprehensive income	2021 £m	2020 £m
Actual return less expected return on pension scheme assets	18.5	44.6
Experience gain on pension scheme liabilities	20.7	–
Impact of changes in assumptions relating to the present value of pension scheme liabilities	18.8	(59.5)
Actuarial gain/(loss) on defined benefit pension scheme	58.0	(14.9)
Contributions paid by participating subsidiaries not linked to service	4.6	4.5
Total credit/(charge) to other comprehensive income	62.6	(10.4)

Movement in defined benefit pension scheme surplus/(deficit)	2021 £m	2020 £m
Beginning of year	0.4	10.8
Current service cost	(2.4)	(2.2)
Past service cost	–	(0.4)
Contributions	6.7	6.8
Net interest income	0.1	0.3
Actuarial gain/(loss)	58.0	(14.9)
End of year	62.8	0.4

Changes in the present value of defined benefit pension scheme liabilities	2021 £m	2020 £m
Beginning of year	437.9	379.2
Current service cost	2.4	2.2
Past service cost	–	0.4
Interest expense	6.1	7.9
Contributions by employees	0.5	0.5
Actuarial (gain)/loss	(39.5)	59.5
Benefits paid	(11.2)	(11.8)
End of year	396.2	437.9

Changes in the fair value of defined benefit pension scheme assets	2021 £m	2020 £m
Beginning of year	438.3	390.0
Interest income	6.2	8.2
Actuarial gain	18.5	44.6
Contributions by the Company	1.1	1.1
Contributions by participating subsidiaries	5.6	5.7
Contributions by employees	0.5	0.5
Benefits paid	(11.2)	(11.8)
End of year	459.0	438.3

The actual return on pension scheme assets was a gain of £24.7m (2020: gain of £52.8m). The market value of scheme assets and the present value of retirement benefit obligations at 31 December are detailed in Note 23 to the consolidated financial statements. The total defined benefit pension liability is divided between active members (£77.9m (2020: £102.9m)), deferred members (£156.5m (2020: £172.9m)) and pensioners (£161.8m (2020: £162.1m)).

12 Share capital

	2021 £m	2020 £m
Issued and fully paid ordinary shares of 32¹⁄₇p each	108.4	108.3

Number of ordinary shares in issue and fully paid	2021	2020
Beginning of year	336,998,961	336,792,607
Issued – option exercises	399,835	206,354
End of year	337,398,796	336,998,961

Notes to the Company financial statements continued

13 Reserves

The capital redemption reserve of £16.1m (2020: £16.1m) as presented in the statement of changes in equity records the aggregate nominal value of treasury shares that have been cancelled.

The own shares reserve of £52.9m (2020: £73.4m) as presented in the statement of changes in equity comprises ordinary shares of the Company held by the Company in an employee benefit trust. The assets, liabilities and expenditure of the trust are included in the Company financial statements. Details of the trust and investment in own shares reserve are set out in Note 19 to the consolidated financial statements.

The dividends paid and declared in the current and prior year are detailed in Note 20 to the consolidated financial statements.

14 Contingent liabilities

Borrowings by subsidiary undertakings totalling £1,549.2m (2020: £1,661.3m) which are included in the Group's borrowings have been guaranteed by the Company.

15 Employees' and directors' remuneration

The average number of persons employed by the Company during the year (including directors) was 56 (2020: 53) and the aggregate employee costs relating to these persons were:

	2021 £m	2020 £m
Wages and salaries	**11.1**	11.0
Social security costs	**1.7**	1.8
Share based payments	**(0.2)**	2.3
Pension costs	**0.8**	0.8
	13.4	15.9

Conditional awards of executive share options and performance shares are granted to executive directors and other senior employees of the Company. Employees of the Company can also participate in the Company's Sharesave Scheme. Further information on the Company's share plans is disclosed in Note 19 to the consolidated financial statements.

16 Related party disclosures

The Company has identified the directors of the Company, their close family members, its key management, the UK pension scheme and its subsidiary undertakings as related parties for the purpose of IAS 24 'Related Party Disclosures'. Details of the relevant relationships with these related parties are disclosed in the Directors' remuneration report, Note 23 and Note 24 to the consolidated financial statements and the Related undertakings Note in the Shareholder information section on pages 222 to 228.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, which includes the Directors' remuneration 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 Group financial statements in accordance with UK-adopted International Accounting Standards ('IASs') and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). In preparing the Group financial statements, the directors have also elected to comply with International Financial Reporting Standards ('IFRSs'), issued by the International Accounting Standards Board ('IASB') ('IFRSs as issued by the IASB').

Under company law, 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 Group and the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted IASs and IFRSs as issued by the IASB have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, 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 Group and the Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position and performance, business model and strategy.

Each of the directors, whose names and functions are set out on pages 96 and 97 of the Annual Report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted IASs and IFRSs as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Frank van Zanten
Chief Executive Officer
28 February 2022

Richard Howes
Chief Financial Officer

Independent auditors' report to the members of Bunzl plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Bunzl plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company balance sheets as at 31 December 2021; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated and Company 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.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB')

As explained in note 1 to the financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the Group financial statements have been properly prepared in accordance with IFRSs as issued by the IASB.

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 Group 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, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5 to the Group financial statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope	• We performed full scope audits and other procedures of the financial information of 86 components spread across 29 different countries across North America, Continental Europe, UK & Ireland and Rest of the World. • Specific audit procedures in relation to various Group activities, including consolidation, taxation, pensions, business combinations and the carrying value of goodwill and intangible assets, were performed by the Group audit team centrally.
Key audit matters	• Carrying value of goodwill (Group) • Accounting for business combinations (Group) • Valuation of defined benefit pension schemes (Group and Company) • Valuation of inventory provisions and expected credit loss provisions against trade receivables (Group)
Materiality	• Overall Group materiality: £34 million (2020: £30 million) based on 5% of adjusted profit before tax. • Overall Company materiality: £23 million (2020: £20 million) based on 1% of net assets. • Performance materiality: £25.5 million (2020: £22.5 million) (Group) and £17.2 million (2020: £15 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Covid-19 and provisions for corporate tax exposure, which were key audit matters last year, are no longer included. We exclude the Covid-19 key audit matter as the impact of the pandemic to the Group was primarily on the retail and foodservice sectors and we have considered the implication of this in the valuation of inventory provisions and expected credit loss provisions against trade receivables key audit matter. As for the provisions for corporate tax exposure, the key audit matter is excluded as the risk has reduced in 2021. In addition, the key audit matter in relation to the carrying value of goodwill included other intangible assets in the prior year but the risk around intangibles has been removed as the risk has reduced in 2021. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill (Group)	
Refer to the Audit Committee report, Note 2 and Note 11 of the Group financial statements. The Group has material goodwill balances of £1,698.5m (2020: £1,494.6m) spread across multiple geographies and relating to multiple cash generating units ('CGUs'). In assessing whether the carrying amount of the goodwill assets has been impaired, management considers forecast cash flows of the 7 individual CGUs which are identified on a geographical basis. We focused our goodwill impairment procedures on the CGUs with the lowest levels of headroom between each respective value in use model and carrying value. Management's impairment assessments involve significant estimation, principally relating to short and long-term revenue growth, future profitability and discount rates. Management's impairment assessment also takes into account the impact of climate change. Due to the acquisitive nature of the Group and the magnitude of the aggregated related goodwill, together with the subjectivity of the principal assumptions, a significant amount of audit effort was required.	In our testing of management's annual goodwill impairment calculations, we used valuation experts to assist our evaluation of the appropriateness of the discount rates used by management. We evaluated the reasonableness of the directors' cash flow forecasts by comparing the key assumptions made to board reviewed budgets, historical performance and external economic data. In particular: • We determined that long-term growth rates are generally consistent when compared to third party nominal GDP rates; • We assessed the discount rate used to determine the present value by assessing the cost of capital for the Company and comparable organisations and considered them to be acceptable; • We obtained evidence to assess historical accuracy in management's forecasting process; • We challenged the extent to which the impact of climate change risk identified by management in its TCFD scenario analysis and the Group's net zero commitment were consistent with the assumptions within the impairment assessment. We also performed sensitivity analysis to ascertain whether downward adjustments to the forecast assumptions would result in a material impairment. Management concluded that there was no impairment. We concur with this assessment. Based on managements' own sensitivity calculations, no other reasonably possible change in assumptions would lead to an impairment of goodwill assets. Having ascertained the extent of changes in key assumptions either individually or collectively that would be required for goodwill assets to be materially impaired, we considered such a change in those key assumptions to be unlikely.
Accounting for business combinations (Group)	
Refer to the Audit Committee report, Note 2 and Note 28 of the Group financial statements. Given that the Group continues to make significant investment in acquisitions, accounting for business combinations is an area of focus due to the level of judgement involved. Business combinations can involve judgements in relation to the value of assets and liabilities that are recognised on acquisition, particularly the allocation of purchase consideration to goodwill and separately identified intangible assets.	Management relies on external valuation specialists for larger acquisitions to value significant intangibles acquired in business combinations. Where management has relied on such specialists, with the support of our own valuation specialists, we assessed their objectivity and competence and tested the results of their work. We focused in particular on the following areas: • We assessed the methodology and key assumptions used in determining the value of the customer relationship assets for the more significant acquisitions; • We determined whether the cash flows applied within the valuation models and the key assumptions such as the discount rates, growth rates, customer attrition and period for amortisation, were appropriate; • We also evaluated the consideration paid or payable in respect of acquisitions made. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Valuation of defined benefit pension schemes (Group and Company)	
Refer to the Audit Committee report, Note 2 and Note 23 of the Group financial statements. The Group has defined benefit pension schemes (with material schemes in the US and the UK) with a net surplus of £31.2m at the current year end (2020: combined net deficit of £44.8m). The gross assets and liabilities in each scheme are significant in the context of the Consolidated balance sheet. Management estimation is required in relation to the measurement of pension scheme obligations, and management employs independent actuarial experts to assist it in determining appropriate assumptions such as inflation levels, discount rates, salary increases and mortality rates. Movements in these assumptions can have a material impact on the determination of the liability and, therefore, the extent of any net surplus or deficit.	We used our own actuarial experts to satisfy ourselves that the assumptions used in calculating the US and UK pension scheme liabilities are appropriate, including confirming that salary increases were appropriate and that mortality rate assumptions were consistent with relevant benchmarks. We determined that the discount and inflation rates used in the valuation of the pension scheme liabilities were consistent with our internally developed benchmarks. In each case we considered the assumptions made by management to be reasonable in light of the available evidence. We also performed procedures to satisfy ourselves over the completeness and accuracy of the employee data used in the calculation. We have confirmed the pension asset valuations with third parties and independently assessed the valuation of a sample of these assets. Based on the procedures performed, we noted no material issues arising from our work.
Valuation of inventory provisions and expected credit loss provisions against trade receivables (Group)	
Refer to the Audit Committee report, Note 1, Note 2, Note 13 and Note 14 of the Group financial statements. The Covid-19 pandemic has significantly increased the risk of loss on trade receivables and inventory particularly in the food service and retail businesses that have been impacted more heavily by the pandemic. The Group has also seen an increased risk of net realisable value risk for certain Covid-19 related products due the price normalisation following the disruption caused by the pandemic. We focused on this area because of the risk surrounding the level of estimation and judgement that is necessary in determining the provisions required.	We assessed the basis for the inventory provisions, the consistency of provisioning in line with the Group's policy and the reasonableness of the overall provisioning in light of the impact of Covid-19. We did this through the following procedures: • We tested the completeness and the accuracy of the ageing of the reports used to calculate the provisions. • We tested that the calculation of provisions had been performed in accordance with the Group policy. • We understood management's process for identifying specific inventory requiring a provision and recalculated the provisions against this inventory using latest market prices and volume data. • We tested the net realisable value of a sample of inventory items to ensure that the listing of inventory requiring a provision identified was complete. We obtained an understanding of management's process in estimating the expected credit loss provision and the respective judgements. We considered the appropriateness of management's judgements in relation to these calculations by performing the following procedures: • Reviewing the ageing categorisation of trade receivables balances; • Assessing historical credit loss experience; • Understanding and assessing the impact of the insolvencies in the period; and • Consideration of forward-looking factors by assessing management's risk categorisation of customers in the food service and retail sectors. We determined whether the calculations were in line with the accounting standards and that the methodology and principles had been applied consistently. Based on the procedures performed, we determined that the provisions reflect management's current best estimate of the expected economic outflows. We also considered the appropriateness of the related disclosures in the financial statements. Based on the procedures performed, we noted no material issues arising from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

We identified one financially significant component, being North America, where a full scope audit has been performed. In addition, we have identified two material components being the Netherlands and Australia. To achieve the coverage desired, we identified four components across the UK and France for which a full scope audit of their financial information has been performed. In order to satisfy the request of the Audit Committee and management, we performed full scope audits and other procedures on a further 79 components. The components where we performed audit procedures covered over 94% of Group revenue, adjusted profit before taxation and total assets.

Where work was performed by component auditors, detailed instructions were issued by us and the Group audit team conducted conference calls with component teams. For our financially significant component and material components, oversight procedures included regular communication with the component team, reviewing their working papers, and attending the clearance meeting. Specific audit procedures over central functions and areas of significant judgement, including consolidation, taxation, pensions, business combinations and the carrying value of goodwill and other intangible assets, were performed by the Group audit team centrally.

As part of the audit, we inquired of management to understand and evaluate the Group's risk assessment process in relation to climate change. Management has sought advice from external sustainability experts to help them understand the environmental challenges they face, and to source science-based inputs for their assessment of climate risk. We reviewed management's paper which sets out their assessment of climate change risk to the Group and the impact, if any, on the financial statements and impairment testing. In evaluating the completeness of the risks identified, we assessed the objectivity and competence of management's experts, we engaged our internal climate change experts to review management's assessment, we considered the return submitted to the Carbon Disclosure Project by the Group and challenged management on how they considered the Group's net zero commitment in their assessment. In responding to the risk identified, we specifically considered how climate change risk would impact the assumptions made in the forecasts prepared by management used in their assessment of the carrying value of goodwill. Our procedures in relation to the assessment of the carrying value of goodwill are described in the key audit matters section above. We read the disclosures in relation to climate change made in the other information within the Annual Report to ascertain whether the disclosures are materially consistent with the financial statements and our knowledge from our audit. Our responsibility over other information is further described in the Reporting on other information section of our report.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£34 million (2020: £30 million).	£23 million (2020: £20 million).
How we determined it	5% of adjusted profit before tax	1% of net assets
Rationale for benchmark applied	Given that the Group's businesses are profit oriented and the directors use adjusted profit measures to assess the performance of the business, we believe that adjusted profit before tax is the best benchmark to use.	Considering the nature of the business and activities in Bunzl plc (holding activities) we use the Company net assets value as a basis for the calculation of the overall materiality level.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was up to £21.7 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £25.5 million (2020: £22.5 million) for the Group financial statements and £17.2 million (2020: £15 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1.5 million (Group audit) (2020: £1.5 million) and £1.5 million (Company audit) (2020: £1.5 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the appropriateness of the cash flow forecasts in the context of the Group's 2021 financial position and evaluated the directors' downside sensitivities against these forecasts.
- We evaluated the key assumptions in the forecasts and considered whether these were supported by the evidence we obtained.
- We examined the headroom under the base case cash flow forecasts, as well as the directors' and our own sensitised cases, and evaluated whether the directors' conclusion that headroom remained in all events was supported by the evidence we obtained.
- We considered the impact of Covid-19 and climate change risk including whether this was appropriately reflected in the going concern model.
- We obtained the Group's covenant calculations and reperformed the calculation including applying sensitivities to assess the potential impact of downside sensitivities on covenant compliance.
- We also reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained.

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 Group's and 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 Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

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, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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 2021 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 Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, 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 Group's and 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 Group or 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 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 Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations and unethical and prohibited business practices, 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 the posting of inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:
- Enquiry of management, those charged with governance and the entity's in-house legal team around actual and potential litigation and claims.
- Reviewing minutes of meetings of those charged with governance including the Board, Audit committee and Executive committee.
- Reviewing internal audit reports.
- Assessment of matters reported on the Group's whistleblowing helpline.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness testing accounting estimates (because of the risk of management bias).

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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.

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 Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 19 March 2014 to audit the financial statements for the year ended 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 December 2014 to 31 December 2021.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Neil Grimes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 February 2022

Shareholder information

Related undertakings as at 31 December 2021

In accordance with Section 409 of the Companies Act 2006 a full list of Bunzl plc's subsidiary undertakings and other shares held by the Company as at 31 December 2021 is disclosed below. The registered office address of each entity or, in the case of unincorporated entities, the principal place of business, is disclosed on pages 226 to 228. Unless otherwise stated the subsidiary undertakings listed are wholly owned and held indirectly by Bunzl plc with ordinary shares issued (or the equivalent of ordinary shares in the relevant country of incorporation). In some of the jurisdictions in which the Group operates share classes are not defined and in these instances, for the purposes of this disclosure, the shares issued have been classified as ordinary shares. Bunzl plc does not have any joint venture companies or associated undertakings.

Subsidiary undertakings	Registered office address
Argentina	
Vicsa Steelpro S.A.	1
Australia	
Atlas Health Care Pty Limited	7
Bunzl Australasia Limited	6
Bunzl Brands & Operations Pty Limited	4
Bunzl Catering Supplies Limited	7
Bunzl Food Processor Supplies Pty Limited	3
Bunzl Outsourcing Services Limited	7
Fire Rescue Safety Australia Pty Ltd (80%)	2
Inkell Pty. Limited	5
Interpath Services Pty. Ltd.	6
Multipoint Technologies Pty Ltd (75.1%)	8
Network Packaging Pty Limited	4
Obex Medical Holdings Pty Limited	6
Protect-A-Clean Pty Ltd	7
Robertsons Lifting & Rigging Pty Limited	4
Sanicare Australia Pty Limited	6
Star Wholesale Distribution Pty Limited	7
Worksense Workwear and Safety Pty Limited	4
Austria	
Bunzl Holdings Austria GmbH	9
Meier Verpackungen GmbH	9
Belgium	
Établissements Glorieux SA	10
King Belgium NV	14
Polaris Chemicals SRL	12
Total Safety Supply Belgium BVBA	13
Varia-Pack NV	11
Brazil	
B2B Web Distribuicao De Produtos Ltda	17
Bunzl Equipamentos para Proteção Individual Ltda.	19
Dental Sorria Ltda.	23
DVT Comércio, Importação E Exportação Ltda.	21
Labor Import Comercial Importadora Exportadora Ltda	22
MCR Safety de Brasil Distribuiacao de Equipamentos	20
Medcorp Saúde tecnologia Ltda	15
SP Equipamentos de Proteção ao trabalho e MRO Ltda.	16
VCH – Importadora, Exportadora E Distribuição De Produtos Ltda.	18
Canada	
8948399 Canada Inc. d/b/a Sur-Seal Packaging[iii]	28
Bunzl Canada, Inc.	29
Dura Plus Inc.	26
Ghost Distribution Inc.	25
McCue Corporation Canada (96.9%)	27
Pinnacle Paper & Sanitation Inc.[ii]	28

Subsidiary undertakings	Registered office address
Snelling Paper & Sanitation Ltd.[iii]	28
Tingley Inc.	24
Chile	
B2B Web Distribuicao de Produtos Chile SpA	30
Bunzl Chile Holdings SpA	30
DPS Chile Comercial Limitada	32
Enepack SpA	32
Tecno Boga Comercial Limitada	31
Vicsa Safety Comercial Limitada	30
China	
Beijing HSESF Safety Technology Co., Ltd.	38
Bunzl Trading (Shanghai) Limited	35
Diversified Distribution Systems Trading (Shanghai) Ltd.	40
Keenpac (Shenzhen) Trading Company Limited	41
McCue Xiamen Trading Co., Ltd. (96.9%)	44
MCR Safety Foshan South Co., Ltd.	45
MCR Safety Hangzhou Co., Ltd.	46
Shanghai BeiZhi Industrial Technology Co., LTD	37
Shanghai Cosafety Technology Co., Ltd.	34
Shanghai HSESF Safety Technology Co., Ltd.	33
Shanghai Mai Xi Protection Technology Co., Ltd.	43
Shanghai Yinghao Protection Technology Co., Ltd.	36
Suzhou Sai Wo Trading Co., Ltd.	47
Vicsa Commerce and Trading (Shanghai) Co., Ltd	42
Colombia	
B2B Web Distribuição De Produtos Colombia Spa S.A.S	48
Importadores Y Exportadores Solmaq SAS	48
MCR Safety Colombia S.A.S.	49
Vicsa Steelpro Colombia S.A.S.	50
Czech Republic	
Blyth s.r.o.	52
Bunzl CS s.r.o.	51
Denmark	
Bunzl Distribution Danmark A/S	53
Bunzl Holding Danmark A/S	53
Clean Care A/S	54
ICM A/S (78.9%)	55
MultiLine A/S	56
France	
Alpes Entretien Distribution SAS	70
Blanc SAS	84
Bourgogne Hygiene Entretien SAS	83
Bunzl Catering Développement SAS	60
Bunzl Holdings France SAS	72
Comatec SAS	71
Comptoir de Bretagne SAS	60

Subsidiary undertakings	Registered office address
Daugeron & Fils SAS	73
Fichot Hygiene SAS	62
France Sécurité SAS	68
Gama 29 SAS	66
Générale Collectivités SAS	80
GM Equipement S.A.S.	57
Groupe Pierre Le Goff - Ile de France-Adage SAS	64
Groupe Pierre Le Goff Bourgogne Franche-Comte SAS	78
Groupe Pierre Le Goff Méditerranée SAS	67
Groupe Pierre Le Goff Rhône-Alpes Centre SAS	75
Groupe Pierre Le Goff Sud-Ouest SAS	74
Hedis SAS	59
Hygiadis SAS	64
Industrie du Compactage Alimentaire Hygiene ICA Hygiene L'image du Propre SAS	77
Keenpac France SAS	61
Ligne T SAS	65
Mat'hygiene SAS	69
Nicolas Entretien SAS	82
ORRU SAS	76
PLG Finances SAS	81
PLG Grand-Nord SAS	63
PLG SAS	81
Prorisk S.A.S.	57
SCI des Saules SCI	64
Société Civile Immobilière Sainte Claire Deville SC	64
Sodiscol SAS	58
Sopecal Hygiene SAS	79
Germany	
Bäumer Betriebshygiene Vertriebsgesellschaft mbH(iii)	88
Bunzl Großhandel GmbH	85
Bunzl Healthcare GmbH	87
Bunzl Healthcare Holding GmbH(iii)	85
Bunzl Holding GmbH(iii)	85
Majestic GmbH	89
PKA Klöcker GmbH(iii)	86
Protemo GmbH	88
Hong Kong	
Bunzl Asia Limited(iii)	90
DDS of Hong Kong Limited	91
Keenpac Asia Limited	93
MCR Safety Asia Company Limited	92
Hungary	
Bunzl CEE Kft	95
Bunzl Magyarország Kft.	95
Ireland	
Abco Kovex Limited (80%)	96
Bunzl Ireland Limited	96
Thomas McLaughlin (Ireland) Limited	96
Israel	
M.S. Global Limited	97
Meichaley Zahav Packages Ltd	98
Silco (Utensils) A.S. Limited(iii)	97

Subsidiary undertakings	Registered office address
Italy	
B2B Distribution Italy Holdings S.r.l.	100
Keenpac Italia S.r.l.	99
Neri S.p.A.	100
Secure Service S.r.l.	101
Malaysia	
Medshop Malaysia Sdn. Bhd. (75.1%)	102
Mexico	
Bunzl De Mexico S. De R. L. De C.V(iii)	108
Bunzl Retail Services of Mexico, S. de R.L. de C.V.(iii)	104
Bunzl Servicios, S. De R. L. De C.V(iii)	108
Cool Pak AG Packaging, S. de R. L. de C.V.(iii)	106
Cool Pak Exports S. de R.L. de C.V.(iii)	107
CRM de las Americas, S.A. de C.V.	103
Espomega S. de R.L. de C.V.(iii)	111
Proepta, S.A. DE C.V.(iii)	109
Shelby Manufacturing De Mexico, S.A. DE C.V.	103
Steel pro S.A de C.V.(iii)	105
TRC Protective Footwear, S.A. de C.V.(iii)	110
Web Distribucion Safety Mexico, S. de R.L. de C.V.(iii)	112
Morocco	
Proin Maroc, S.à r.l.	113
Netherlands	
Allshoes Benelux B.V.	121
Bunzl Outsourcing Services B.V.	123
Bunzl Verpakkingen Arnhem B.V.	115
De Ridder B.V.	118
King Nederland B.V.	117
Le Roux Verpakkingen & Disposables B.V. (75.1%)	122
Majestic Products B.V.	119
MCR Safety Europe B.V.	120
QS Nederland B.V. (85%)	114
Vespinae International B.V. (75.1%)	124
Worldpack Trading B.V.	116
New Zealand	
Bunzl New Zealand Holdings Limited(iii) (99.1%)	125
Bunzl Outsourcing Services NZ Limited	127
Corded Strap (NZ) Limited	128
Downs Distributors Limited (99.1%)	129
Fire Rescue Safety New Zealand Limited (80%)	127
ICB Cleaning Supplies Limited	126
Isobex Medical Limited (99.1%)	129
Nelson Packaging Supplies Limited	128
Obex (NZ) Limited (99.1%)	129
Obex Medical Limited (99.1%)	129
OXC (NZ) Limited(ii) (99.1%)	129
Norway	
Art Trading AS	131
Culina AS	131
Enor AS	132
Riise & G G Storkjøkken AS	132
Skien Storkjøkken AS (51%)	130
Peru	
B2B WEB DISTRIBUICAO DE PRODUTOS PERU SPA S.A.C	133
Vicsa Safety Peru S.A.C.	133

Related undertakings continued

Subsidiary undertakings	Registered office address
Puerto Rico	
Melissa Sales Corp.	134
Romania	
Bunzl Romania SRL	135
Singapore	
LSH Industrial Solutions Pte. Ltd	136
Medshop Holdings Pte. Ltd. (75.1%)	137
Medshop Singapore Pte. Ltd. (75.1%)	137
Slovakia	
Eurobal, spol. s.r.o.	138
Spain	
Artículos de Protección, S.A.	147
Bunzl Distribution Spain, S.A.U.	141
Bunzl Mallorca 2018, S.L.U.	142
Faru, S.L.U.	146
Guantes Juba, S.A.U.	148
Juba Personal Protective Equipment, S.L.U.	148
Lovilia Spain, S.L.U.	141
Marca Proteccion Laboral, S.L.U.	144
PROIN-PINILLA, S.L.	139
PROTEC & MARTI, S.L.	143
Quirumed, S.L.U.	145
Safety Quickers Europe, S.L.U.	141
Tecnopacking, S.L.U.	140
Switzerland	
Bunzl Holding Switzerland AG	150
Distrimondo AG	151
Keenpac (Switzerland) SA	152
MMH Holding AG	151
Weita AG	150
Weita Service AG	149
Turkey	
Bursa Pazarı İnşaat Sanayi Ve Ticaret Anonim Şirketi	153
İstanbul Ticaret Hırdavat Sanayi A.Ş.	155
İstanbul Ticaret İş Güvenliği ve Endüstriyel Sanayi Ürünler A.Ş	156
Kullanatmarket Elektronik Pazarlama Ticaret Anonim Şirketi	154
United Kingdom	
365 Healthcare Limited	160
Abco Kovex (N.I.) Limited (80%)	157
Abco Kovex (UK) Limited (80%)	160
Aggora (Technical) Limited[iii]	160
Aggora Group Ltd[iii]	160
Aggora Limited	160
Aggora Projects Ltd[iii]	160
Bodyguard Workwear Limited	160
Bunzl American Holdings (No.1) Limited	160
Bunzl American Holdings (No.2) Limited	160
Bunzl Finance Public Limited Company[i]	160
Bunzl Group Services Limited[i]	160
Bunzl Holding GTL Limited[i]	160
Bunzl Holding LCE Limited	160
Bunzl Holding WWE Limited[iii] (96.3%)	160
Bunzl Mexico Holdings 1 Limited	160
Bunzl Mexico Holdings 2 Limited	160
Bunzl Overseas Holdings (No. 2) Limited[i][ii]	160
Bunzl Overseas Holdings (No. 3) Limited	160
Bunzl Overseas Holdings (No.4) Limited	160
Bunzl Overseas Holdings Limited	160
Bunzl Pension Trustees Limited[i]	160
Bunzl Plastics Limited[i]	160
Bunzl Properties Limited[i]	160
Bunzl Retail & Healthcare Supplies Limited	160
Bunzl UK Limited	160
Catered 4 Limited	160
Classic Bag Company Holdings Limited	160
Comax (UK) Limited	160
Continental Chef Supplies Limited	160
Deliver Net Holdings Limited	160
Deliver Net Limited	160
Dialene Limited	160
Guardsman Limited	160
Henares Limited[i]	160
Howper 800 Limited[iii]	160
Hydropac Limited	160
Kingsbury Packaging (Limavady) Ltd	157
Lee Brothers Bilston Limited	160
Lightning Packaging Supplies Limited	160
London Bio Packaging Limited	160
McCue Corporation Limited (96.9%)	159
Packaging 2 Buy Limited	160
Parmelee Limited	158
Portabottle Limited	160
Portabrands Limited	160
Selectuser Limited[ii]	160
Spectrum Hygiene Limited[iii]	160
The Classic Printed Bag Company Limited	160
The Porta Group Limited	160
Tornado Gloves Limited	158
Tornado Holdings Limited	158
Tri-Star Packaging Supplies Limited	160
Woodway Packaging Limited	160
Woodway UK Limited	160
Woodway UK South Limited[iii]	160
Workwear Express Limited[iii] (96.3%)	160
Wycombe Marsh Paper Mills Limited[i]	160
Yorse No. 1 Limited	160
Yorse No. 3 Limited[i]	160
United States	
Arch Logistics, LLC	177
Banner Stakes LLC (96.9%)	179
Bunzl Corporate Holdings, Inc.	177
Bunzl Distribution California, LLC	162
Bunzl Distribution Leasing, Inc.	166
Bunzl Distribution Midatlantic, LLC	168

Subsidiary undertakings	Registered office address
Bunzl Distribution Midcentral, Inc.	177
Bunzl Distribution Northeast, LLC	177
Bunzl Distribution Oklahoma, Inc.	163
Bunzl Distribution Southeast, LLC	177
Bunzl Distribution Southwest, L.P.	165
Bunzl Distribution USA, LLC	162
Bunzl Holdings Inc.	162
Bunzl International Services, Inc.	162
Bunzl IP Holdings, LLC	162
Bunzl Mexican Holdings II, LLC	177
Bunzl Mexican Holdings III, LLC	177
Bunzl Mexican Holdings IV, LLC	177
Bunzl Mexican Holdings, LLC	177
Bunzl Midatlantic, LLC	177
Bunzl Minneapolis, LLC	166
Bunzl North American Holdings, Inc.	162
Bunzl Northeast, LLC	177
Bunzl Processor Distribution, LLC	177
Bunzl Retail Services, LLC	162
Bunzl Retail, LLC	177
Bunzl Southwest Holdings, LLC	167
Bunzl US Holdings LLC	162
Bunzl USA Holdings LLC	162
Bunzl USA LLC	162
Bunzl Utah, LLC	164
Bunzl Western Holdings, Inc.	177
Cool-Pak, LLC	162
Destiny Packaging, LLC	162
Earthwise Bag Company, Inc.	169
Eco Systems Holdings LLC	177
Foodhandler Inc.	173
Green Source, LLC	177
Hi-Valu, LLC	177
Intergro, LLC	161
International Sourcing Company Inc.(iii)	170
John Tillman Company	162
Joshen Paper & Packaging Co.(iii)	176
Keenpac, LLC	177
Liberty Glove & Safety, LLC	162
M.L. Kishigo Manufacturing Company, LLC	167
Masteragents LLC	177
McCue Business Trust (96.9%)	174
McCue Corporation (96.9%)	174
McCue International, Inc. (96.9%)	174
MCQ Holdings, Inc.(iii) (96.9%)	167
MCQ Protective Solutions Inc. (96.9%)	167
MCR Holdings, Inc.	170
Monte Package Company, LLC	162
Papercraft Southwest, LLC	162
Polygro, LLC	161
Prime Source, LLC	177
R3 Safety, LLC	177
R3, LLC	172

Subsidiary undertakings	Registered office address
Revco Industries, Inc.(iii)	169
Right Choice Distribution, LLC	177
SAS Safety Corporation	162
Shelby Group International, Inc.(iii)	170
Steiner Industries, Inc.	178
The Warehouse Rack, LLC	162
Tingley Rubber Corporation(iii)	175
TSN East, LLC	177
TSN West, LLC	177
U.S. Glove Co., Inc.	171
Uruguay	
Steelpro Safety S.A.	180

Other shareholdings	Registered office address
Viner-Pack Gyarto Kereskedelmi Es Szolgaltato Korlatolt Felelossegu Tarsasag(iii) (20%)	94
MCR Hanvo Safety Products (Nantong) Co., Ltd. (20%)	39

Classifications key

(i) Directly owned by Bunzl plc
(ii) Holding of ordinary and preference shares
(iii) Holding of more than one class of ordinary share
(iv) Holding of preference shares

List of registered office addresses

Registered office address	Key
Maipú 1300, piso 13, Ciudad de Buenos Aires, Argentina	1
17 Millrose Drive, Malaga WA 6090, Australia	2
34-48 Cosgrove Road, Enfield NSW 2136, Australia	3
55 Sarah Andrews Close, Erskine Park NSW 2759, Australia	4
Bunzl Australia & New Zealand, Unit 1/52 Fox Drive, Dandenong South VIC 3175, Australia	5
Level 2, 700 Springvale Road, Mulgrave VIC 3170, Australia	6
Unit 1, 52 Fox Drive, Dandenong South VIC 3175, Australia	7
Unit 3, 110 Chifley Drive, Preston VIC 3072, Australia	8
Diepoldsauer Straße 37, 6845, Hohenems, Austria	9
1 Rue du Bois des Hospices, 2iémé étage, 7522 Tournai, Belgium	10
Aarschotsesteenweg 114 3012 Leuven (Wilsele), Belgium	11
Avenue Sabin 23, 1300 Wavre, Belgium	12
Oudenaardsesteenweg 19 9000 Ghent, Belgium	13
Rue du Cerf 190 1332 Genval, Belgium	14
Av. Fagundes de Oliveira 538, Warehouse A5, Piraporinha, Cidade de diadema, CEP, 09950-300, Brazil	15
Avenida do Cursino, 3.365 SL/06, Saúde, City of São Paulo, CEP, 04133-300, Brazil	16
Avenida Doutor Alberto Jackson Byington, 1435 Industrial Anhanguera, City of Osasco, São Paulo, CEP 06276-000, Brazil	17
Avenida Doutor Alberto Jackson Byington, 1435 Jardim Santa Fe, City of Osasco, São Paulo, CEP 06273-050, Brazil	18
Estrada Velha de Guarulhos - São Miguel, 5135, Box 301 - Jardim Arapongas, city of Guarulhos, São Paulo, CEP 07210-250, Brazil	19
Rua Dr. Guilherme Bannitz, No. 126, 2nd floor, sets 21 and 22, District of Itaim Bibi, City of São Paulo, State of São Paulo, 04532-060, Brazil	20
Rua João Thomaz Pinto, No. 1570, Shed A, Modules 6, 7 and 8 Condominium Byblos, district of Canhanduba, City of Itajaí, State of Santa Catarina, 88.313-045, Brazil	21
Rua Padre Damaso 165, 173 e 187, Osasco, São Paulo, CEP 06016-010, Brazil	22
Via Expressa de Contagem, 3115, galpão 1, Bairro Agua Branca, City of Contagem, Minas Gerais, CEP 32370-485, Brazil	23
#310, 5700 Boul. Des Galeries, Québec G2K 0H5, Canada	24
1212 – 1175 Douglas St, Victoria, BC V8W 2E1, Canada	25
160 Elgin Street, Suite 2600 , Ottawa, CA, ON K1P 1C3, Canada	26
1801 Hollis St Ste 1800, Halifax NS B3J 3N4, Canada	27
Dentons Canada LLP, 2500 Stantec Tower, 10220 – 130 Avenue NW, Edmonton AB T5J 0K4, Canada	28
Parlee McLaws LLP, 3300 TD Canada Trust Tower, 421-7th Avenue, SW, Calgary AB T2P 4K9, Canada	29
Av. Presidente Eduardo Frei Montalva 5151, Conchalí, 8550678 Santiago, Chile	30
Avenida Boulevard, Aeropuerto Norte #9649, Pudahuel, Santiago, Chile	31
Camino Coquimbo N' 16.000, Colina, Sanitago, Chile	32
2F, Building 4, No. 115 Lane 1276, Nanle Road, Songjiang District, Shanghai, China	33
3F, Building 4, No. 115 Lane 1276, Nanle Road, Songjiang District, Shanghai, China	34
Floor 9, Xinpeng Plaza, No. 200, Lane 91, E'shan Road, Pudong New Area, Shanghai, 200127, China	35
No. 181 Zhongshe Road, Maogag Town, Songjiang District, Shanghai, China	36
No. 301 Rongle East Road, Songjiang District, Shanghai, China	37
No. 9 Fuqian Road, Shandong Zhuang Town, Pinggu District, Beijing, China	38
No.128 Jinshajiang Road, Rudong Economic Development Zone, Jiangsu, China	39
Room 1509, Building 2, No. 1266 Nanjing West Road, Jingan District, Shanghai, China	40
Room 1805, Central Business Tower, 88 Fuhua 1st Road, Futian, Shenzhen Guangdong, China	41
Room 3123, Building 3, 112-118 Gaoyi Road, Baoshan District, Shanghai, China	42
Room 368, Part 302, No. 211 Fute North Road, Free Trade Zone, Shanghai, China	43
Room 901, No. 595 West Lianqian Road, Siming District, Xiamen, Fujian Province, China	44
Room 908, Building 16, Zone 2, International Chuangzhi Park, No.8 Gangkou Road, Guicheng Street, Nanhai District, Foshan, Guangdong, China	45
Room A39, Floor 6, Building 2, Dongfang MAO Business Center, Xiacheng District, Hangzhou, Zhejiang, China	46
Southwest of No.1 House, 3F, Building A, Tower 2, Xinhaiyi, No. 58 Heshun Road, Suzhou Industrial Park, Jiangsu, China	47
Carrera 30 No. 15-30, Bogota D.C., Colombia	48
CR 71 No 94 - 23 AP, 1134 TO 9, Colombia	49
Km 7 Vía Medellín, Parque Empresarial Celta, Módulo 1, Bodega 49, Funza (Cundinamarca), Colombia	50
Dolnokrčská 2029/54a, Krč, Praha 4, 140 00, Czech Republic	51
Přátelstvi 1011/17, Uhřiněves, Praha 10, 10 400, Czech Republic	52
Greve Main 30, 2670 Greve, Denmark	53
Indkildevej 2 c, DK-9210, Aalborg SØ, Denmark	54
Kærvej 25, DK-2970 Hørsholm, Denmark	55
Kirkebjergvej 17, 4180 Sorø, Denmark	56
11 C rue des Aulnes, 69410 Champagne-au-Mont-d'or, France	57
13 rue des Battants RN 20, 31140, Saint-Alban, France	58
130-136 rue Victor Hugo, 92300 Levallois-Perret, France	59
17 Boulevard du Trieux, Zone d'aménagement Concerté les touches, 35740, Pacé, France	60
191-195 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, Paris, France	61
26/28 rue Jean Perrin, 28300, Mainvilliers, France	62
29 avenue des Morillons, ZA des Doucettes, 95140 Garges les Gonesses, France	63
440 route de Rosporden, Le Grand Guelen, 29000 Quimper, France	64
50 Avenue d'Allemagne, Rond Point de L'Europe ZA Albasud, 82000 Montauban, France	65
530 rue Jacqueline Auriol ZA de Saint Thudon, 29490, Guipavas, France	66
556 Chemin du Mas de Cheylon, CAP Delta 30941, Nimes, France	67

Registered office address	Key
585, Rue Alain Colas, 29200, Brest, France	68
7 route de Villiers, 77780, Bourron-Marlotte, France	69
725 Route des Vernes Pringy, 74370, Annecy, France	70
Boulevard Francois-Xavier Faffeur, Zone Industrielle Lannolier, 11000, Carcassonne, France	71
La Fregate, 19 avenue Jacques Cartier, 44800, Saint-Herblain, France	72
Lieudit la Trentaine, 77690, La Genevraye, France	73
Parc d'activité Des Lacs, 22 rue Saint Exupéry, 33 290 Blanquefort, France	74
Quai Louis Aulagne, 69 190 Saint Fons, France	75
Route Nationale 97, ZA Les Plantades, 83130 La Garde, France	76
Route Nationale, 57420, Louvigny, France	77
Rue Charles Remi Arnoult, 21700 Nuits Saint Georges, France	78
Rue de Pau, 40500 Saint-Server, France	79
Rue Edouard Branly, ZAC des Chamonds 58640 Varennes-Vauzelles, France	80
Rue Nungesser et Coli, D2a Nantes Atlantique, 44860, Saint-Aignan de Grand Lieu, France	81
Rue Pierre Pascal Fauvelle, 66000 Perpignan, France	82
ZI Maison Dieu RN 74, 21220 Fixin, France	83
Zone Artisanale Maritime du Bassin de Thau, Route de Séte, 34540 Ballaruc Les Bains, France	84
Elbestraße 1-3, 45768 Marl, Germany	85
Friedrichstrasse 2, 40699 Erkrath, Germany	86
Kitzingstr. 15-19, 12277, Berlin, Germany	87
Maysweg 11, 47918 Tönisvorst, Germany	88
Stadtweide 17, 46446 Emmerich, Germany	89
11th Floor, One Pacific Place, 88 Queensway, Hong Kong	90
Room 2103, Futura Plaza, 111 How Ming Street, Kwun Tong, Hong Kong	91
Unit 26, 22/F, Metro Centre II, Lam Hing St., Kowloon Bay, Kowloon, Hong Kong	92
Unit 3-4 18F Tower 6, China Hong Kong City, Tsim Sha Tsui, Kowloon, Hong Kong	93
2336 Dunavarsány, 071/33 hrsz, Hungary	94
Vendel Park, Erdőalja út 3, 2051 Biatorbágy, Hungary	95
10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland	96
4 Kinneret Street, POB 1139, Airport City, Ben Gurion Airport, 7019802, Israel	97
Emek Ha'Ela 250, Modi'in, P.O.B 553, LOD 7110601, Israel	98
Corsa Italia n.6, 50123 Florence, Italy	99
Via 8 Marzo n. 6, 42025 Corte Tegge di Cavriago, Reggio Emilia, Italy	100
Via Brigata Reggio no. 24, Reggio Emilia, Italy	101
8.03, 8th Floor Plaza First Nationwide 161, Jalan Tun H.S. Lee 50000 Kuala LUMPUR, Malaysia	102
Av. del sauce número 1600, Col. La angostura, City of San Luis Potosí, S.L.P, 78117, Mexico	103

Registered office address	Key
Avenida Cafetales No. 1702, Interior 201, between streets Rancho Recoveco and Rancho Estopila, Hacienda de Coyoacán, Coyoacán, 04970, Mexico	104
Calle Rio San Lorenzo No. 503, Col. Fuentes del Valle, CP 6620, CD San Pedro Garza Garcia, Nuevo León, Mexico	105
Carretera al CUCBA No. 400 Interior 5, Colonia La Venta del Astillero, C.P. 45221 Zapopan, Jalisco, Mexico	106
Carretera Corredor Tijuana Rosarito 2000 Exterior 15202., Interior Mt3 A, Colonia Zona Cerril General, Tijuana, Baja California, Mexico	107
Carretera Miguel Alemán KM21 Edificio 4C Prologis Park, Apodaca, N.L., México C.P, 66627, Mexico	108
Galileo # 11, Colonia Polanco V Secc., Delagación Miguel Hidalgo, 11560, Ciudad de México, Mexico	109
Nicaragua 205, Arbide, León, Guanajuato, 37360, Mexico	110
Pablo A. Gonzalez Garza Pte., 820, Chepevera, Monterrey, Nuevo León, 64030, Mexico	111
Rio San Lorenzo No. 503 Local I, Col. Fuentes Del Valle, San Pedro Garza Garcia, C.P. 66220, Mexico	112
C/O CAE, ILOT 43B Bureau 9/18, Zone Franche d'Exportation, 90000 Tanger, Morocco	113
Bijsterhuizen 3005C, 6604 LP Wijchen, Netherlands	114
Delta 57, 6825 ML Arnhem, Netherlands	115
Esp 125, 5633 AA Eindhoven, Netherlands	116
Grotewei 2, 4004 LW Tiel, Netherlands	117
Industrieweg 11B, 1566JN, Assendelft, Netherlands	118
Jan Campertlaan 6, 3201AX, Spijkenisse, Netherlands	119
Keizersgracht 241, 1016EA, Amsterdam, Netherlands	120
Koivistokade 80, 1013 BB, Amsterdam, Netherlands	121
Portugallaan 3, 9403DR, Assen, Netherlands	122
Rondebeltweg 82, 1329 BG Almere, Netherlands	123
Spanjelaan 1, 9403DN, Assen, Netherlands	124
109 Carlton Gore Road, Newmarket, Auckland 1023, New Zealand	125
686 Rosebank Road, Avondale, Auckland, 1026, New Zealand	126
97 Sawyers Arm Road, Christchurch, 8052, New Zealand	127
KPMG Level 5, 79 Cashel Street, Christchurch, 8140, New Zealand	128
Level 3, 109 Carlton Gore Road, Newmarket, Auckland, 1023, New Zealand	129
Bedriftsveien 24, 3735 Skien, Norway	130
c/o Enor AS, Holmaveien 20, 1339 Vøyenenga, Norway	131
Holmaveien 20, 1339 Vøyenenga, Norway	132
Av. Santa Rosa 350. Ate., Lima, Peru	133
PO Box 6494, PR 00914-6494, San Juan, Puerto Rico	134
Sat Dragomiresti-Deal, Comuna Dragomiresti-Vale, DE 287/1, Bucharest West Logistic Park, Cladirea C, Unitatea C01, Ilfov, Romania	135
1 Penjuru Close, 608617, Singapore	136
190 Middle Road #16-01, Fortune Centre, 188979, Singapore	137
Na pántoch 18, 831 06 Bratislava, Slovakia	138

List of registered office addresses continued

Registered office address	Key
Calle Ana Abarca de Bolea 22, Nave A, polígono industrial El Pilar, Zaragoza, Spain	139
Calle Castilla-León, Parcela 45 Onda, 12200, Castellón, Spain	140
Calle Filats, 8 Polg. Industrial Prologis Park, 08830 Sant Boi de Llobregat, Barcelona, Spain	141
Calle las Palmeras 7, Polígono Industrial La Sendeilla, 28350 Ciempozuelos, Spain	142
Carretera de Madrid Km 314 – Nave 3ª, polígono industrial Jesús Vicente, Zaragoza, Spain	143
Cartagena, Murcia, poligono industrial Cabezo Beaza, Avenida Bruselas, 30353, esquina calle Amsterdam, parcela R 100, Spain	144
Corretger No 115-117-119, Parque Empresarial Táctica, Paterna, 46980, Valencia, Spain	145
Edificio Plaza, Nave 5, Ali-4 Plataforma Logistica de Zaragoza, 50197, Zaragoza, Spain	146
Rosalia de Castro, 5, As Pontes de García Rodríguez, A Coruña, Spain	147
Santo Domingo De La Calzada, La Rioja, 26250, Carretera De Logrono, Spain	148
Güterstrasse, 4313 Möhlin, Switzerland	149
Nordring 2, 4147 Aesch, Switzerland	150
Oberebenestrasse 53, CH-5620 Bremgarten, Switzerland	151
Route des Jeunes 5D, c/o Télios SA, 1227 Les Acacias, Genève, Switzerland	152
Akçaburgaz Mahallesi, 3137. Sokak, No.19, Esenyurt, Istanbul, Turkey	153
Akçaburgaz Mahallesi, 3137. Sokak, No.19, K. 1, Esenyurt, İstanbul, Turkey	154
Arapcami Mah, Tersane Cad, No. 115, Beyoğlu, Istanbul, Turkey	155
Barbaros Mah., Begonya Sk.,, Nidakule Kuzey Ataşehir Apt., No:3/157, Ataşehir, İstanbul, Turkey	156
Arthur Cox, Victoria House, 15-17 Gloucester Street, Belfast, BT1 4LS, United Kingdom	157
Middlemore Lane West, Aldridge, Walsall, WS9 8BG, United Kingdom	158
Mount House Bond Avenue, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1SF, United Kingdom	159
York House, 45 Seymour Street, London, W1H 7JT, United Kingdom	160
2915 SR 590, Suite 15, Clearwater FL 33759, United States	161
Corporation Service Company, 100 Shockoe Slip, 2nd Floor, Richmond VA 23219, United States	162
Corporation Service Company, 10300 Greenbriar Place, Oklahoma City OK 73159, United States	163
Corporation Service Company, 15 West South Temple, Suite 600, Salt Lake City UT 84101, United States	164
Corporation Service Company, 211 E. 7th Street, Suite 620, Austin TX 78701, United States	165
Corporation Service Company, 2345 Rice Street, Suite 230, Roseville MN 55113, United States	166
Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States	167
Corporation Service Company, 2595 Interstate Drive, Suite 103, Harrisburg PA 17710, United States	168
Corporation Service Company, 2710 Gateway Oaks Drive, Suite 150N, Sacramento CA 95833-3505, United States	169

Registered office address	Key
Corporation Service Company, 2908 Poston Avenue, Nashville TN 37203-1312, United States	170
Corporation Service Company, 300 Deschutes Way SW, Suite 304, Turnwater WA 98501, United States	171
Corporation Service Company, 505 5th Street, Suite 729, Des Moines IA 50309, United States	172
Corporation Service Company, 80 State Street, Albany NY 12207-2543, United States	173
Corporation Service Company, 84 State Street, Boston MA 02109, United States	174
Corporation Service Company, Princeton South Corporate Center, Suite 160, 100 Charles Ewing Boulevard, Ewing NJ 08628, United States	175
Corporation Services Company, 50 West Broad Street, Suite 1330, Columbus OH 43215, United States	176
CSC-Lawyers Incorporating Service Company, 221 Bolivar Street, Jefferson City MO 65101, United States	177
Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield IL 62703-4261, United States	178
The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County DE 19801, United States	179
César Cortinas 2037, Montevideo, Uruguay	180

Financial calendar

	2022
Annual General Meeting	20 April
Results for the half year to 30 June 2022	30 August

	2023
Results for the year to 31 December 2022	February
Annual Report circulated	March

Dividend payments are normally made on the second working day of the following months:

Ordinary shares (final)	July
Ordinary shares (interim)	January

Analysis of ordinary shareholders

At 31 December 2021 the Company had 4,839 (2020: 4,923) registered shareholders who held 337.4 million (2020: 337.0 million) ordinary shares between them, analysed as follows:

Size of holding	Number of shareholders	% of issued share capital
0 – 10,000	4,132	2
10,001 – 100,000	441	4
100,001 – 500,000	180	13
500,001 – 1,000,000	40	8
1,000,001 and over	46	73
	4,839	100

Registrar

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The Pavilions
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Bristol BS99 6ZZ
Telephone +44 (0) 370 889 3257
Fax +44 (0) 370 703 6101
Email webqueries@computershare.co.uk
Website www.computershare.com

Investor Centre

Shareholders can manage their shareholding online at www.investorcentre.co.uk. The Investor Centre is our registrar's easy to use website, available 24 hours a day, seven days a week, where the following services are available:

- elect for electronic communications;
- change of address;
- view share balance information;
- join the dividend reinvestment plan; and
- view dividend payment and tax information.

In order to register for the Investor Centre, shareholders will need their shareholder reference number which can be found on either their share certificate or dividend confirmations.

Dividend payment by BACS

Shareholders can have their dividends paid directly into their bank or building society account using the Bankers' Automated Clearing Service ('BACS'). This means that dividends will be in the account on the same day the dividend payment is made. To use this method of payment please contact our registrar on +44 (0) 370 889 3257 or visit the Investor Centre website. Please note that this option will not override any existing dividend scheme mandate, which would need to be revoked in writing. Shareholders who have elected to have their dividends paid by BACS and who have registered a valid email address with the registrar will be able to access their dividend confirmations electronically at www.investorcentre.co.uk. If no such email address has been registered, shareholders will receive their dividend confirmations by post.

Dividend reinvestment plan

The Company operates a dividend reinvestment plan which allows shareholders in eligible countries to use the whole of their cash dividend to buy additional shares in the Company, thereby increasing their shareholding.

Shareholders can check their eligibility in the terms and conditions and apply to join the plan online in the Investor Centre or can contact the Company's registrar to request the terms and conditions of the plan and a printed mandate form.

American Depositary Receipts

The Company has a sponsored Level 1 American Depositary Receipt programme that trades on the over-the-counter market in the US with ticker BZLFY. Citibank N.A. acts as the Depositary Bank.
Telephone Citibank +1 781 575 4555
Email citibank@shareholders-online.com
Website www.citi.com/dr

Shareholders may if they wish have their dividend payments paid directly into their bank account in certain foreign currencies. Please contact the Company's registrar on +44 (0) 370 889 3257 to request further information about the currencies for which this service is available.

Share dealing

Bunzl plc shares can be traded through most banks and stockbrokers. The Company's registrar also offers an internet and telephone dealing service. Further details can be found at https://www-uk.computershare.com/Investor/#ShareDealingInfo or by telephoning +44 (0) 370 889 3257.

ShareGift

Sometimes shareholders have only a small holding of shares which may be uneconomical to sell. Shareholders who wish to donate these shares to charity can do so through ShareGift, an independent charity share donation scheme (registered charity no. 1052686). Further information about ShareGift may be obtained from ShareGift on +44 (0) 20 7930 3737 or at www.sharegift.org.

Shareholder security

Shareholders are advised to be cautious about any unsolicited financial advice, offers to buy shares at a discount or offers of free company reports. More detailed information about this can be found at www.fca.org.uk in the Consumers section and at www.fca.org.uk/scamsmart. Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Independent auditors

PricewaterhouseCoopers LLP

Corporate brokers

J.P. Morgan Cazenove
Citigroup

Company Secretary

Suzanne Jefferies

Registered office

York House
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Website www.bunzl.com
Registered in England no. 358948

Forward-looking statements

The Annual Report contains certain statements about the future outlook for the Group. Although the Company believes that the expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

Five year review

	IFRS			IAS 17		
	2021 £m	2020 £m	2019 £m	2019◊ £m	2018 £m	2017 £m
Revenue	**10,285.1**	10,111.1	9,326.7	9,326.7	9,079.4	8,580.9
Operating profit	**623.3**	618.5	528.4	506.0	466.2	456.0
Finance income	**10.7**	10.4	12.4	12.4	11.6	10.6
Finance expense	**(65.3)**	(73.2)	(87.5)	(64.2)	(66.6)	(57.3)
Profit on disposal of businesses	**–**	–	–	–	13.6	–
Profit before income tax	**568.7**	555.7	453.3	454.2	424.8	409.3
Income tax	**(125.9)**	(125.7)	(104.1)	(104.3)	(98.3)	(98.8)
Profit for the year attributable to the Company's equity holders	**442.8**	430.0	349.2	349.9	326.5	310.5
Basic earnings per share	**132.7p**	128.8p	104.8p	105.0p	98.4p	94.2p
Alternative performance measures†						
Adjusted operating profit	**752.8**	778.4	653.3	630.9	614.0	589.3
Adjusted profit before income tax	**698.2**	715.6	578.2	579.1	559.0	542.6
Adjusted profit for the year	**542.5**	550.5	440.6	441.3	429.9	393.4
Adjusted earnings per share	**162.5p**	164.9p	132.2p	132.4p	129.6p	119.4p

◊ Following the adoption of IFRS 16 'Leases' with effect from 1 January 2019, because the Group adopted the accounting standard using the modified retrospective approach to transition and accordingly did not restate prior periods, the results for the years ending 31 December 2019 and onwards are not directly comparable with those reported in the prior years under the previous applicable accounting standard, IAS 17 'Leases'. To provide a meaningful comparative for the year ended 31 December 2019, the results for 2019 have been presented under both IAS 17 and IFRS 16 accounting standards.

† See Note 3 on page 170 for further details of the alternative performance measures.