// CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Revenue	4	**11,776.4**	11,797.1
Operating profit	4	**799.3**	789.1
Finance income	6	**72.6**	60.4
Finance expense	6	**(178.0)**	(150.9)
Disposal of businesses	10	**(20.3)**	–
Profit before income tax		**673.6**	698.6
Income tax	7	**(172.6)**	(172.4)
Profit for the year		**501.0**	526.2
Profit is attributable to:			
Company's equity holders		**500.4**	526.2
Non-controlling interests		**0.6**	–
Profit for the year		**501.0**	526.2
Earnings per share attributable to the Company's equity holders			
Basic	8	**149.6p**	157.1p
Diluted	8	**148.7p**	156.0p

	Notes	2024 £m	2023 £m
Alternative performance measures†			
Operating profit	4	**799.3**	789.1
Adjusted for:			
Amortisation excluding software	4	**148.3**	135.6
Acquisition related items through operating profit	4	**31.7**	19.5
Non-recurring pension scheme credit	4	**(3.2)**	–
Adjusted operating profit		**976.1**	944.2
Finance income	6	**72.6**	60.4
Adjusted finance expense	6	**(175.8)**	(150.9)
Adjusted profit before income tax		**872.9**	853.7
Tax on adjusted profit	7	**(222.4)**	(213.4)
Adjusted profit for the year		**650.5**	640.3
Adjusted profit is attributable to:			
Company's equity holders		**649.9**	640.3
Non-controlling interests		**0.6**	–
Adjusted profit for the year		**650.5**	640.3
Adjusted earnings per share attributable to the Company's equity holders	8	**194.3p**	191.1p

† See Note 3 on page 151 for further details of the alternative performance measures.

The Accounting policies and other Notes on pages 145 to 181 form part of these consolidated financial statements.

// CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Profit for the year		**501.0**	526.2
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit pension schemes	25	**(35.1)**	2.9
Tax on items that will not be reclassified to profit or loss*	7	**8.2**	(0.1)
Total items that will not be reclassified to profit or loss		**(26.9)**	2.8
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations		**(193.3)**	(126.9)
Reclassification from translation reserve to income statement on disposal of foreign operations	10	**18.7**	–
Gain/(loss) recognised in cash flow hedge reserve*		**6.3**	(2.3)
Gain taken to equity as a result of effective net investment hedges		**20.3**	31.4
Tax on items that may be reclassified to profit or loss*	7	**(1.7)**	0.1
Total items that may be reclassified subsequently to profit or loss		**(149.7)**	(97.7)
Other comprehensive expense for the year		**(176.6)**	(94.9)
Total comprehensive income		**324.4**	431.3
Total comprehensive income is attributable to:			
Company's equity holders		**323.8**	431.3
Non-controlling interests		**0.6**	–
Total comprehensive income		**324.4**	431.3

* The Group has restated comparatives for the year to 31 December 2023 in the Consolidated statement of comprehensive income to recognise fair value movements on cash flow hedges, and the related deferred tax balances, that were previously classified as 'Items that will not subsequently be reclassified to profit or loss', within 'Items that may subsequently be reclassified to profit or loss'. This is to reflect the fact that, while considered unlikely, there are some potential future scenarios that may lead to these items being reclassified to profit or loss. This restatement is a presentational change. There is no impact from this change on the Group's Other comprehensive expense for the year or Total comprehensive income for the year. There is no impact from this change on the Group's net assets or shareholders' equity, nor any impact on the Consolidated income statement, Consolidated statement of changes in equity or the Consolidated cash flow statement.

// CONSOLIDATED BALANCE SHEET
at 31 December 2024

	Notes	2024 £m	2023 £m
Assets			
Property, plant and equipment	11	**213.3**	159.4
Right-of-use assets	12	**697.6**	616.3
Intangible assets	13	**3,683.8**	3,242.1
Defined benefit pension assets	25	**35.8**	69.0
Derivative financial assets		**–**	0.1
Deferred tax assets	20	**14.1**	14.2
Total non-current assets		**4,644.6**	4,101.1
Inventories	15	**1,760.9**	1,621.1
Trade and other receivables	16	**1,634.1**	1,578.5
Income tax receivable		**13.0**	8.7
Derivative financial assets		**28.0**	11.7
Cash and cash equivalents	28	**1,432.9**	1,426.1
Assets classified as held for sale		**15.7**	–
Total current assets		**4,884.6**	4,646.1
Total assets		**9,529.2**	8,747.2

	Notes	2024 £m	2023 £m
Equity			
Share capital	21	**106.4**	108.6
Share premium		**212.1**	205.2
Translation reserve		**(324.6)**	(170.2)
Other reserves		**24.3**	16.7
Retained earnings		**2,769.2**	2,806.0
Total equity attributable to the Company's equity holders		**2,787.4**	2,966.3
Non-controlling interests		**3.3**	–
Total equity		**2,790.7**	2,966.3
Liabilities			
Interest bearing loans and borrowings	28	**1,361.7**	1,417.1
Defined benefit pension liabilities	25	**16.0**	19.6
Other payables	17	**255.4**	176.1
Income tax payable		**–**	0.5
Provisions	19	**49.7**	75.8
Lease liabilities	27	**573.7**	512.4
Derivative financial liabilities		**82.8**	78.7
Deferred tax liabilities	20	**263.3**	190.1
Total non-current liabilities		**2,602.6**	2,470.3
Bank overdrafts	28	**987.9**	874.2
Interest bearing loans and borrowings	28	**619.2**	130.0
Trade and other payables	17	**2,206.1**	2,071.6
Income tax payable		**63.7**	47.0
Provisions	19	**57.1**	10.0
Lease liabilities	27	**180.4**	152.1
Derivative financial liabilities		**15.8**	25.7
Liabilities relating to assets classified as held for sale		**5.7**	–
Total current liabilities		**4,135.9**	3,310.6
Total liabilities		**6,738.5**	5,780.9
Total equity and liabilities		**9,529.2**	8,747.2

The financial statements on pages 140 to 181 were approved by the Board of Directors of Bunzl plc (Company registration number 358948) on 3 March 2025 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 2024

				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 attributable to the Company's equity holders £m	Non-controlling interests £m	Total equity £m
At 1 January 2024	108.6	205.2	(170.2)	2.5	16.1	(1.9)	(70.9)	2,876.9	2,966.3	–	2,966.3
Profit for the year								500.4	500.4	0.6	501.0
Actuarial losses on defined benefit pension schemes								(35.1)	(35.1)	–	(35.1)
Foreign currency translation differences on foreign operations			(193.3)						(193.3)	–	(193.3)
Reclassification from translation reserve to income statement on disposal of foreign operations			18.7						18.7	–	18.7
Gain taken to equity as a result of effective net investment hedges			20.3						20.3	–	20.3
Gain recognised in cash flow hedge reserve						6.3			6.3	–	6.3
Income tax (charge)/credit on other comprehensive expense			(0.1)			(1.6)		8.2	6.5	–	6.5
Total comprehensive income			(154.4)			4.7		473.5	323.8	0.6	324.4
2023 interim dividend								(61.0)	(61.0)	–	(61.0)
2023 final dividend								(167.6)	(167.6)	–	(167.6)
Movement from cash flow hedge reserve to inventory (net of tax)						0.6			0.6	–	0.6
Hyperinflation accounting adjustments[1]								17.1	17.1	–	17.1
Non-controlling interest acquired									–	2.7	2.7
Issue of share capital	0.1	6.9							7.0	–	7.0
Own shares purchased for cancellation (Note 21)								(301.2)	(301.2)	–	(301.2)
Own shares cancelled (Note 21)	(2.3)				2.3				–	–	–
Employee trust shares							(16.6)		(16.6)	–	(16.6)
Movement on own share reserves							24.2	(24.2)	–	–	–
Share based payments (net of tax)								19.0	19.0	–	19.0
At 31 December 2024	106.4	212.1	(324.6)	2.5	18.4	3.4	(63.3)	2,832.5	2,787.4	3.3	2,790.7

// CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2024 *continued*

				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 attributable to the Company's equity holders £m	Non-controlling interests £m	Total equity £m
At 1 January 2023	108.5	199.4	(74.2)	2.5	16.1	(0.9)	(63.4)	2,532.9	2,720.9	–	2,720.9
Profit for the year								526.2	526.2	–	526.2
Actuarial gain on defined benefit pension schemes								2.9	2.9	–	2.9
Foreign currency translation differences on foreign operations			(126.9)						(126.9)	–	(126.9)
Gain taken to equity as a result of effective net investment hedges			31.4						31.4	–	31.4
Loss recognised in cash flow hedge reserve						(2.3)			(2.3)	–	(2.3)
Income tax (charge)/credit on other comprehensive expense			(0.5)			0.6		(0.1)	–	–	–
Total comprehensive income			(96.0)			(1.7)		529.0	431.3	–	431.3
2022 interim dividend								(57.9)	(57.9)	–	(57.9)
2022 final dividend								(151.8)	(151.8)	–	(151.8)
Movement from cash flow hedge reserve to inventory (net of tax)						0.7			0.7	–	0.7
Hyperinflation accounting adjustments[1]								21.6	21.6	–	21.6
Issue of share capital	0.1	5.8							5.9	–	5.9
Employee trust shares							(25.2)		(25.2)	–	(25.2)
Movement on own share reserves							17.7	(17.7)	–	–	–
Share based payments (net of tax)								20.8	20.8	–	20.8
At 31 December 2023	108.6	205.2	(170.2)	2.5	16.1	(1.9)	(70.9)	2,876.9	2,966.3	–	2,966.3

1. IAS 29 'Financial Reporting in Hyperinflationary Economies' remains applicable for the Group's businesses with a functional currency of the Turkish lira and was applicable for the Group's business with a functional currency of the Argentinian peso up to the date of disposal (Note 10). The results of the Group's businesses in Turkey and Argentina have been adjusted for the effects of inflation in accordance with IAS 29. See Note 1 for further details.

// CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Cash flow from operating activities			
Profit before income tax		**673.6**	698.6
Adjusted for:			
net finance expense	6	**105.4**	90.5
amortisation excluding software	13	**148.3**	135.6
acquisition related items through operating profit	4	**31.7**	19.5
non-recurring pension scheme credit	25	**(3.2)**	–
disposal of businesses	10	**20.3**	–
Adjusted operating profit		**976.1**	944.2
Adjustments:			
depreciation and software amortisation	30	**235.8**	207.2
other non-cash items	30	**18.6**	6.5
working capital movement	30	**(97.1)**	(28.4)
Cash generated from operations before acquisition related items		**1,133.4**	1,129.5
Cash outflow from acquisition related items	9	**(42.0)**	(36.9)
Income tax paid		**(180.5)**	(188.6)
Cash inflow from operating activities		**910.9**	904.0
Cash flow from investing activities			
Interest received		**61.4**	54.4
Purchase of property, plant and equipment and software	11,13	**(54.4)**	(58.3)
Sale of property, plant and equipment and software		**17.2**	2.1
Purchase of businesses net of cash acquired	9	**(636.2)**	(337.7)
Disposal of businesses net of cash disposed	10	**2.9**	–
Cash outflow from investing activities		**(609.1)**	(339.5)
Cash flow from financing activities			
Interest paid excluding interest on lease liabilities		**(126.6)**	(107.6)
Dividends paid	22	**(228.6)**	(209.7)
Increase in borrowings		**561.7**	–
Repayment of borrowings		**(132.9)**	(159.5)
Receipts on settlement of foreign exchange contracts		**24.2**	21.6
Payment of lease liabilities – principal	27	**(178.2)**	(159.4)
Payment of lease liabilities – interest	27	**(38.5)**	(28.6)
Proceeds from issue of ordinary shares to settle share options		**7.0**	5.9
Proceeds from exercise of market purchase share options		**53.7**	46.8
Purchase of own shares	21	**(247.9)**	–
Purchase of employee trust shares		**(75.0)**	(76.4)
Cash outflow from financing activities		**(381.1)**	(666.9)
Decrease in cash, cash equivalents and overdrafts		**(79.3)**	(102.4)

	Notes	2024 £m	2023 £m
Cash, cash equivalents and overdrafts at start of year		**551.9**	678.1
Decrease in cash, cash equivalents and overdrafts		**(79.3)**	(102.4)
Currency translation		**(27.6)**	(23.8)
Cash, cash equivalents and overdrafts at end of year	28	**445.0**	551.9

	Notes	2024 £m	2023 £m
Alternative performance measures†			
Cash generated from operations before acquisition related items		**1,133.4**	1,129.5
Purchase of property, plant and equipment and software		**(54.4)**	(58.3)
Sale of property, plant and equipment and software		**17.2**	2.1
Payment of lease liabilities	27	**(216.7)**	(188.0)
Operating cash flow		**879.5**	885.3
Adjusted operating profit		**976.1**	944.2
Add back depreciation of right-of-use assets	12	**186.1**	166.1
Deduct payment of lease liabilities	27	**(216.7)**	(188.0)
Lease adjusted operating profit		**945.5**	922.3
Cash conversion (operating cash flow as a percentage of lease adjusted operating profit)		**93%**	96%
Operating cash flow		**879.5**	885.3
Net interest paid excluding interest on lease liabilities		**(65.2)**	(53.2)
Income tax paid		**(180.5)**	(188.6)
Free cash flow		**633.8**	643.5

† See Note 3 on page 151 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

The consolidated financial statements for the year ended 31 December 2024 have been approved by the Board of directors of Bunzl plc. They are prepared in accordance with UK-adopted International Accounting Standards ('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 International Financial Reporting Standards ('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 held by 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 2026 starting with a base case projection derived from the Group's 2025 Budget excluding any non-committed spending or changes in funding. The resilience of the Group to a severe but plausible downside scenario was factored into the directors' considerations. The severe but plausible downside scenario included a 15% reduction in adjusted operating profit from the potential for adverse impacts from the crystallisation of the principal risks to the Group's organic growth and a reduction in the Group cash conversion to 90% (cash conversion in 2024 was 93% and in 2023 was 96%).

In addition, the Group has carried out a reverse stress test against the base case to determine the level of performance that would result in a breach of financial covenants (as disclosed in Note 18). In order for a breach of covenants to occur during the 18 month period to the end of June 2026 the Group would need to experience a reduction in EBITDA of over 55% compared with the base case.

In the severe but plausible downside scenario 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, and the severe but plausible downside scenario applied to them, 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 Hyperinflation on the financial statements at 31 December 2024

The Group's financial statements include the results and financial position of its Turkish operations restated to the measuring unit current at the end of the year, and the results of its Argentinian operation restated to the measuring unit current for the period up until disposal (Note 10), with hyperinflationary gains and losses in respect of monetary items being reported in finance expense. Comparative amounts presented in the financial statements have not been restated. The inflation rates used by the Group are the official rates published by the Turkish Statistical Institute and the Argentine Federation of Professional Councils of Economic Sciences. The movement in the publicly available official price index for the year ended 31 December 2024 was an increase of 44% (2023: increase of 65%) in Turkey and an increase of 37% for the period up until disposal (2023: increase of 210%) in Argentina.

IAS 29 requires that the income statement is adjusted for inflation in the year and translated at the year end foreign exchange rates and that non-monetary assets and liabilities on the balance sheet are inflated to reflect the change in purchasing power caused by inflation from the date of initial recognition. For the year ended 31 December 2024, this resulted in an increase in goodwill of £7.5m (2023: £8.4m) and a net increase in other intangibles of £0.2m (2023: £0.4m). The impacts on other non-monetary assets and liabilities were immaterial. The impact to retained earnings during the year was a gain of £17.1m (2023: gain of £21.6m). The total impact to the Consolidated income statement during the year was a charge of £9.8m (2023: £11.0m) to profit after tax from hyperinflation accounting adjustments, comprising a £9.9m adverse impact (2023: £9.5m adverse impact) on adjusted profit before tax, increased customer relationships amortisation of £nil (2023: £0.2m) and a decreased tax charge of £0.1m (2023: £1.3m increased tax charge).

When applying IAS 29 on an ongoing basis, comparatives in a stable currency are not restated with the translation effect presented within other comprehensive income during the year, and the effect of inflating opening balances to the measuring unit current at the end of the reporting period presented as a change in equity.

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. Based on the Group's ongoing assessment, the Group does not anticipate any new or revised standards and interpretations that are effective from 1 January 2025 and beyond to have a material impact on its consolidated results or financial position.

// NOTES *continued*

2 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years 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 195 to 200 and is incorporated by reference within these financial statements and is, therefore, subject to audit. The results of all of the subsidiary undertakings are included in full in these consolidated financial statements.

The following UK subsidiaries are exempt from the requirements under the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A of the Act.

Company Name	Registered number
Bunzl American Holdings (No. 1) Limited	02865710
Bunzl American Holdings (No. 2) Limited	05286676
Bunzl Holding GTL Limited	0685352
Bunzl Holding LCE Limited	0970892
Bunzl Mexico Holdings 1 Limited	13558260
Bunzl Mexico Holdings 2 Limited	13558193
Bunzl Overseas Holdings Limited	02865701
Bunzl Overseas Holdings (No. 2) Limited	02090880
Bunzl Overseas Holdings (No. 3) Limited	08224950
Henares Limited	06387342
Yorse No. 1 Limited	04373660
Yorse No. 3 Limited	02317609
Selectuser Limited	03829908

(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. Where material, deferred consideration is discounted to present value using an appropriate discount rate and is unwound within finance expense over the relevant period. 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 are charged to the income statement over the period of employment. Transaction costs and expenses such as professional fees are charged to the income statement in the period they are incurred.

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.

When less than 100% of the issued share capital of a subsidiary is acquired and the acquisition does not include an option to purchase the remaining share capital of the subsidiary, the non-controlling interests are stated at the non-controlling interests' proportion of the fair values of the assets and liabilities recognised.

(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, cash equivalents and overdrafts disposed of and transaction costs paid.

(iv) Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, they are available for immediate disposal and the sale is highly probable. Non-current assets and disposal groups held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

(v) 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 with the exception of subsidiaries in hyperinflationary economies that are translated at the closing rate at the end of the year. 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.

// NOTES *continued*

2 Accounting policies continued

c. Revenue

The Group is principally engaged in the delivery of goods to customers representing a single performance obligation which is typically 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. Service revenue is recognised over time where it relates to multiple performance obligations being satisfied, usually based on work completed to date. 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, rebates 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 (including rebates) liabilities are based on agreements with customers and expected volumes.

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 21 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.

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.

// NOTES *continued*

2 Accounting policies continued

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 and supplier relationships, brands and technology

Customer and supplier relationships, brands and technology intangible assets acquired in a business combination are recognised on acquisition and recorded at fair value. Subsequent to initial recognition, customer and supplier relationships, brands and technology 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.

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. 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, with the exception of money market funds which are held at fair value. 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').

2 Accounting policies continued

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 finance expense 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.

(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. When the hedged item results in the recognition of a non-financial asset, the gains or losses accumulated in equity are transferred from equity and included in the carrying amount of the 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. This transfer is not a reclassification adjustment.

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, cash equivalents and overdrafts
Cash and cash equivalents, as reported in the balance sheet, comprises cash at bank and in hand and money market funds. 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.

Cash, cash equivalents and overdrafts, as reported in the cash flow statement, comprises cash at bank and in hand, money market funds and bank overdrafts.

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, cash equivalents and overdrafts.

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. Shares repurchased under the share buyback programme, which are immediately cancelled, are not shown as treasury shares, but are shown as a deduction from the profit and loss account reserve in the group statement of changes in equity. When an irrevocable commitment to repurchase shares is entered into, the value of the commitment is recognised as an accrual within trade and other payables in the balance sheet, with a corresponding charge recognised in the profit and loss account reserve in the consolidated statement of changes in equity.

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.

(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.

// NOTES *continued*

2 Accounting policies continued

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 mid 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'. See Note 1a(ii) for details on the impact of hyperinflation accounting in the current year.

x. Judgements made in applying the Group's accounting policies

In the course of preparing the financial statements, the following judgements, in addition to those made in determining estimates and assumptions (see Note 2y below), were 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:

Determining lease terms under the application of IFRS 16 'Leases'

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. As the Group holds a portfolio of leases and determines lease terms on a case-by-case basis, it is impractical to provide any meaningful quantification of the impact the judgements taken compared with other assumptions that might have been applied have had on the overall amounts recognised in the financial statements.

Non-controlling interests

In determining whether to recognise a non-controlling interest for business combinations whereby 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, management is required to make judgements in relation to whether the risks and rewards associated with the non-controlling interest have substantially transferred to the Group. Management determines this on a case-by-case basis but if different judgements were applied, 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 2024, while not expected to result in a material change in the carrying value of assets or liabilities in the next 12 months, the following estimates or assumptions were used in applying the Group's accounting policies.

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 25. The Group's net pension asset balance as at 31 December 2024 was £19.8m (2023: £49.4m).

Fair values for assets and liabilities acquired

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 and supplier relationships, brands and technology 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 9.

Deferred and contingent consideration

The consideration paid or payable in respect of acquisitions comprises amounts paid on completion and deferred and contingent consideration. The amounts for deferred and contingent consideration, principally relating to earn outs and options over non-controlling interests, are estimated by calculating the present value of the future expected cash flows which is dependent on management's estimates in respect of the forecasting of future cash flows, in particular the expected profitability. Movements in the estimated liability in respect of earn outs and put options are recognised in acquisition related items through operating profit in the income statement. As at 31 December 2024, the Group carried a liability for deferred consideration of £258.2m (2023: £175.6m).

// NOTES *continued*

2 Accounting policies continued

Recoverability of goodwill, customer and supplier relationships, brands and technology intangible assets

As noted above, part of the Company's strategy is to grow through acquisitions which has led to material goodwill, customer and supplier relationships, brands and technology 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 13. Customer and supplier relationships, brands and technology 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, brands and technology intangible assets relate. The useful economic lives of customer and supplier relationships, brands and technology 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 2024 the goodwill balance was £2,286.1m (2023: £2,008.9m), the amount of customer and supplier relationships intangible assets was £1,235.8m (2023: £1,150.8m), the amount of brands intangible assets was £116.4m (2023: £41.1m) and the amount of technology intangible assets was £5.3m (2023: £7.5m).

Trade receivables and inventory provisions

As at 31 December 2024, the Group carried trade receivables provisions of £39.6m (2023: £34.5m) and provisions for slow moving, obsolete or defective inventories and market price movements of £143.5m (2023: £154.2m).

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 £63.7m (2023: £47.5m) 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.

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 where applicable:

Organic revenue growth	Revenue excluding the incremental impact of acquisitions and disposals compared to revenue in prior years at constant exchange
Underlying revenue growth	Revenue excluding the incremental impact of acquisitions and disposals compared to revenue in prior years at constant exchange, adjusted for differences in trading days between years and adjusted to exclude growth in excess of 26% per annum in hyperinflationary economies (reconciled in the Financial review)
Adjusted operating profit	Operating profit before amortisation excluding software, acquisition related items through operating profit and non-recurring pension scheme charges/credits (reconciled in the following tables and in the Consolidated income statement)
Operating margin	Adjusted operating profit as a percentage of revenue
Adjusted finance expense	Finance expense before interest on unwinding of discounting on deferred consideration
Adjusted profit before income tax	Profit before income tax, amortisation excluding software, acquisition related items, non-recurring pension scheme charges/credits and profit or loss on disposal of businesses (reconciled in the following tables)
Adjusted profit for the year	Profit for the year before amortisation excluding software, acquisition related items, non-recurring pension scheme charges/credits, 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 attributable to the Company's equity holders 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 attributable to the Company's equity holders 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 income 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)

// NOTES *continued*

3 Alternative performance measures continued

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-trading related receivables, non-trading related payables (including those relating to acquisition payments) and dividends payable (reconciled in Note 14)
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 assets/liabilities, cumulative amortisation excluding software, acquisition related items and amounts written off goodwill, net of the associated tax)
Dividend cover	The ratio of adjusted earnings per share to the total dividend per share
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 28)
Covenant net debt to EBITDA	Net debt excluding lease liabilities calculated at average exchange rates divided by EBITDA
Adjusted net debt	Net debt excluding lease liabilities and including total deferred and contingent consideration (as reconciled in the Financial review)
Adjusted net debt including lease liabilities	Net debt including lease liabilities and total deferred and contingent consideration (as reconciled in the Financial review)
Adjusted net debt to EBITDA	Adjusted net debt calculated at average exchange rates divided by EBITDA adjusted for contractually agreed earnings targets
Adjusted net debt including lease liabilities to EBITDA	Adjusted net debt including lease liabilities calculated at average exchange rates divided by adjusted operating profit, before depreciation of property, plant and equipment and right of use assets and software amortisation and after adjustments to exclude share option charges and to annualise for the effect of acquisitions and disposal of businesses adjusted for contractually agreed earnings targets
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 2024 so that they can be compared without the distorting impact of changes caused by foreign exchange translation. The principal exchange rates used for 2024 and 2023 can be found in the Financial review on page 77

The definitions of 'Organic revenue growth', 'Adjusted finance expense', 'Covenant net debt to EBITDA', 'Adjusted net debt', 'Adjusted net debt including lease liabilities', 'Adjusted net debt to EBITDA' and 'Adjusted net debt including lease liabilities to EBITDA' have been added to the list of alternative performance measures in the year. All other alternative performance measures have been calculated consistently with the methods applied in the consolidated financial statements for the year ended 31 December 2023. The amendments to the list of alternative performance measures, and an assessment of the relevance of the existing alternative performance measures, were agreed with the Audit Committee.

A number of the alternative performance measures listed above exclude the charge for amortisation excluding software, acquisition related items, non-recurring pension scheme charges/credits, profit or loss on disposal of businesses and any associated tax, where relevant.

Acquisition related items through operating profit comprise deferred consideration 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. Total acquisition related items also include interest on unwinding of discounting deferred consideration, which is included in net finance expense. Amortisation excluding software comprises amortisation of customer and supplier relationships, brands and technology intangible assets. Acquisition related items, amortisation (excluding software) 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/credit 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 2024 the non-recurring pension scheme credit relates to a gain on curtailment of the UK defined benefit pension scheme following the scheme's closure to further accrual in May 2024. In the year ended 31 December 2023 there were no non-recurring pension scheme charges. Disposal of businesses relates to the loss on disposal of the Group's business in Argentina on 14 March 2024 and a healthcare business in Germany on 12 July 2024. None of these items relate to the trading performance of the business. 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.

// NOTES *continued*

3 Alternative performance measures continued

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 2024

		Adjusting items					
	Alternative performance measures £m	Amortisation excluding software £m	Acquisition related items £m	Non-recurring pension scheme credit £m	Disposal of businesses £m	Statutory measures £m	
Adjusted operating profit	**976.1**	**(148.3)**	**(31.7)**	**3.2**		**799.3**	**Operating profit**
Finance income	**72.6**					**72.6**	Finance income
Adjusted finance expense	**(175.8)**		**(2.2)**			**(178.0)**	Finance expense
Disposal of businesses	**–**				**(20.3)**	**(20.3)**	Disposal of businesses
Adjusted profit before income tax	**872.9**	**(148.3)**	**(33.9)**	**3.2**	**(20.3)**	**673.6**	**Profit before income tax**
Tax on adjusted profit	**(222.4)**	**42.8**	**7.8**	**(0.8)**	**–**	**(172.6)**	Income tax
Adjusted profit for the year	**650.5**	**(105.5)**	**(26.1)**	**2.4**	**(20.3)**	**501.0**	**Profit for the year**
Adjusted earnings per share attributable to the Company's equity holders	**194.3p**	**(31.5)p**	**(7.8)p**	**0.7p**	**(6.1)p**	**149.6p**	**Basic earnings per share attributable to the Company's equity holders**

Year ended 31 December 2023

		Adjusting items					
	Alternative performance measures £m	Amortisation excluding software £m	Acquisition related items £m	Non-recurring pension scheme credit £m	Disposal of businesses £m	Statutory measures £m	
Adjusted operating profit	944.2	(135.6)	(19.5)	–		789.1	Operating profit
Finance income	60.4					60.4	Finance income
Adjusted finance expense	(150.9)		–			(150.9)	Finance expense
Adjusted profit before income tax	853.7	(135.6)	(19.5)	–	–	698.6	Profit before income tax
Tax on adjusted profit	(213.4)	36.7	4.3	–	–	(172.4)	Income tax
Adjusted profit for the year	640.3	(98.9)	(15.2)	–	–	526.2	Profit for the year
Adjusted earnings per share attributable to the Company's equity holders	191.1p	(29.5)p	(4.5)p	–	–	157.1p	Basic earnings per share attributable to the Company's equity holders

// 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 2024

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	6,568.1	2,377.1	1,625.8	1,205.4		11,776.4
Adjusted operating profit/(loss)	515.6	210.8	135.1	146.2	(31.6)	976.1
Amortisation excluding software	(55.9)	(42.7)	(20.7)	(29.0)		(148.3)
Acquisition related items through operating profit	(0.8)	(10.4)	5.1	(25.6)		(31.7)
Non-recurring pension scheme credit	–	–	–	–	3.2	3.2
Operating profit/(loss)	458.9	157.7	119.5	91.6	(28.4)	799.3
Finance income						72.6
Finance expense						(178.0)
Disposal of businesses						(20.3)
Profit before income tax						673.6
Adjusted profit before income tax						872.9
Income tax						(172.6)
Profit for the year						501.0
Operating margin	7.9%	8.9%	8.3%	12.1%		8.3%
Return on average operating capital	47.5%	40.8%	45.4%	38.9%		43.2%
Purchase of property, plant and equipment	14.2	12.6	7.4	6.1	–	40.3
Depreciation of property, plant and equipment	11.3	11.0	9.2	6.2	0.1	37.8
Additions to right-of-use assets	66.4	36.5	38.1	20.3	–	161.3
Depreciation of right-of-use assets	87.7	42.8	35.3	19.7	0.6	186.1
Purchase of software	2.7	6.6	3.4	1.2	0.2	14.1
Software amortisation	4.2	4.1	2.3	0.9	0.4	11.9

Year ended 31 December 2023

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	6,973.5	2,354.9	1,365.5	1,103.2		11,797.1
Adjusted operating profit/(loss)	528.0	224.7	103.4	119.6	(31.5)	944.2
Amortisation excluding software	(57.1)	(43.7)	(11.1)	(23.7)		(135.6)
Acquisition related items through operating profit	(5.5)	(0.3)	(3.1)	(10.6)		(19.5)
Non-recurring pensions scheme credit	–	–	–	–	–	–
Operating profit/(loss)	465.4	180.7	89.2	85.3	(31.5)	789.1
Finance income						60.4
Finance expense						(150.9)
Disposal of businesses						–
Profit before income tax						698.6
Adjusted profit before income tax						853.7
Income tax						(172.4)
Profit for the year						526.2
Operating margin	7.6%	9.5%	7.6%	10.8%		8.0%
Return on average operating capital	49.6%	45.4%	65.5%	35.5%		46.1%
Purchase of property, plant and equipment	12.3	13.5	8.7	8.1	0.2	42.8
Depreciation of property, plant and equipment	12.0	10.3	4.7	4.6	0.1	31.7
Additions to right-of-use assets	34.0	41.5	42.4	18.8	–	136.7
Depreciation of right-of-use assets	83.4	38.9	24.3	18.8	0.7	166.1
Purchase of software	3.1	8.7	2.4	1.0	0.3	15.5
Software amortisation	3.4	2.7	2.1	0.9	0.3	9.4

// NOTES *continued*

4 Segment analysis continued

Acquisition related items through operating profit	2024 £m	2023 £m
Deferred consideration relating to the retention of former owners of businesses acquired	**45.5**	37.3
Transaction costs and expenses	**25.9**	18.1
Adjustments to previously estimated earn outs and minority options	**(42.0)**	(35.9)
	29.4	19.5
Customer relationships impairment charges (Note 13)	**2.3**	–
	31.7	19.5

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 2024 the Group had no customer that represented 10% or more of total Group revenue (2023: 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	2024 £m	2023 £m
Foodservice	**3,453.2**	3,383.4
Grocery	**2,991.2**	3,136.6
Safety	**1,820.9**	1,835.7
Retail	**950.4**	1,032.8
Cleaning & Hygiene	**1,220.7**	1,218.6
Healthcare	**759.0**	679.6
Other	**581.0**	510.4
	11,776.4	11,797.1

Revenue attributable to the UK, the parent company's country of domicile, for the year ended 31 December 2024 was £1,453.5m, representing 12% of the Group's total (2023: £1,270.3m, representing 11% of the Group's total). Revenue attributable to foreign countries in total was £10,322.9m, representing 88% of the Group's total (2023: £10,526.8m, representing 89% 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 71% of the Group's revenue (2023: 73%).

Non-current segment assets attributable to the UK, the parent company's country of domicile, for the year ended 31 December 2024 were £1,031.8m, representing 22% of the Group's total (2023: £508.7m, representing 13% of the Group's total). Non-current segment assets attributable to foreign countries in total were £3,562.9m, representing 78% of the Group's total (2023: £3,509.2m, representing 87% of the Group's total). Six foreign countries account for the majority of the non-current segment assets attributable to foreign countries, these being USA, Canada, France, the Netherlands, Australia and Brazil. These six foreign countries account for 56% of the Group's total non-current segment assets (2023: 66%).

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 2024

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Unallocated £m	Total £m
Segment assets	**3,060.6**	**2,086.0**	**1,665.9**	**1,178.7**		**7,991.2**
Unallocated assets					**1,538.0**	**1,538.0**
Total assets	**3,060.6**	**2,086.0**	**1,665.9**	**1,178.7**	**1,538.0**	**9,529.2**
Segment liabilities	**1,251.7**	**762.1**	**737.2**	**380.3**		**3,131.3**
Unallocated liabilities					**3,607.2**	**3,607.2**
Total liabilities	**1,251.7**	**762.1**	**737.2**	**380.3**	**3,607.2**	**6,738.5**

At 31 December 2023

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Unallocated £m	Total £m
Segment assets	3,129.1	2,043.5	942.2	1,080.3		7,195.1
Unallocated assets					1,552.1	1,552.1
Total assets	3,129.1	2,043.5	942.2	1,080.3	1,552.1	8,747.2
Segment liabilities	1,284.4	763.8	522.7	342.0		2,912.9
Unallocated liabilities					2,868.0	2,868.0
Total liabilities	1,284.4	763.8	522.7	342.0	2,868.0	5,780.9

// NOTES *continued*

5 Analysis of operating income and expenses

	2024 £m	2023 £m
Cost of goods sold	**8,383.8**	8,609.2
Employee costs (Note 26)	**1,218.2**	1,149.8
Non-recurring pension scheme credit (Note 25)	**(3.2)**	–
Depreciation of property, plant and equipment (Note 11)	**37.8**	31.7
Depreciation of right-of-use assets (Note 12)	**186.1**	166.1
Amortisation excluding software (Note 13)	**148.3**	135.6
Amortisation of software (Note 13)	**11.9**	9.4
Acquisition related items through operating profit (Note 4)	**31.7**	19.5
Net impairment losses on trade receivables (Note 16)	**1.0**	2.6
Profit on disposal of property, plant and equipment and software	**(12.3)**	(0.6)
Restructuring costs	**5.9**	0.4
Expense relating to short term leases and low value assets	**5.0**	4.6
Lease and sublease income	**(4.8)**	(4.1)
Other operating expenses	**967.7**	883.8
Net operating expenses	**10,977.1**	11,008.0

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

	2024			2023		
Auditors' remuneration	**UK £m**	**Overseas £m**	**Total £m**	UK £m	Overseas £m	Total £m
Audit of these financial statements	**1.3**	**–**	**1.3**	1.0	–	1.0
Amounts receivable by the Company's auditors* in respect of:						
audit of financial statements of subsidiaries of the Company	**1.1**	**3.2**	**4.3**	0.4	4.2	4.6
audit related assurance services	**0.2**	**–**	**0.2**	0.1	–	0.1
all other services	**0.4**	**–**	**0.4**	0.3	–	0.3
Total auditors' remuneration	**3.0**	**3.2**	**6.2**	1.8	4.2	6.0

* 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, including ESG limited assurance and EMTN comfort letters. These services were 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. All other services also include tax work provided to an acquisition, which completed during 2024, that were ongoing at the acquisition date and were subsequently completed during the 3 month transition period allowed under the FRC's Ethical Standard. 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.

The Audit Committee, which consists entirely of independent non-executive directors, reviews and approves the level and type of non-audit work that 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 102 to 111.

6 Finance income/(expense)

	2024 £m	2023 £m
Interest on cash and cash equivalents	**46.7**	40.3
Interest income from foreign exchange contracts	**19.9**	16.0
Net interest income on defined benefit pension schemes in surplus	**3.1**	3.2
Interest related to income tax	**1.8**	–
Other finance income	**1.1**	0.9
Finance income	**72.6**	60.4
Interest on loans and overdrafts	**(122.4)**	(106.7)
Lease interest expense	**(38.5)**	(28.6)
Interest expense from foreign exchange contracts	**(6.1)**	(1.5)
Net interest expense on defined benefit pension schemes in deficit	**(0.7)**	(1.0)
Fair value gain/(loss) on US private placement notes and senior bonds in a hedge relationship	**3.9**	(24.4)
Fair value (loss)/gain on interest rate swaps in a hedge relationship	**(4.1)**	21.8
Foreign exchange loss on intercompany funding	**(35.5)**	(41.1)
Foreign exchange gain on external debt and foreign exchange forward contracts	**34.8**	40.5
Interest related to income tax	**(1.4)**	(0.1)
Monetary loss from hyperinflation accounting[1]	**(3.6)**	(7.2)
Other finance expense	**(2.2)**	(2.6)
Adjusted finance expense	**(175.8)**	(150.9)
Interest on unwinding of discounting on deferred consideration	**(2.2)**	–
Finance expense	**(178.0)**	(150.9)
Net finance expense	**(105.4)**	(90.5)

1. See Note 1 for further details.

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

	2024 £m	2023 £m
Current tax on profit		
current year	**208.9**	199.0
adjustments in respect of prior years	**(20.0)**	(6.9)
	188.9	192.1
Deferred tax on profit		
current year	**(28.4)**	(19.6)
adjustments in respect of prior years	**12.1**	(0.1)
	(16.3)	(19.7)
Income tax on profit	**172.6**	172.4

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.

	2024 £m	2023 £m
Income tax on profit	**172.6**	172.4
Tax associated with adjusting items	**49.8**	41.0
Tax on adjusted profit	**222.4**	213.4
Profit before income tax	**673.6**	698.6
Adjusting items (Note 3)	**199.3**	155.1
Adjusted profit before income tax	**872.9**	853.7
Reported tax rate	**25.6%**	24.7%
Effective tax rate	**25.5%**	25.0%

	2024			2023		
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 (loss)/gain on defined benefit pension schemes	**(35.1)**	**8.2**	**(26.9)**	2.9	(0.1)	2.8
Foreign currency translation differences on foreign operations	**(193.3)**	**(0.1)**	**(193.4)**	(126.9)	(0.5)	(127.4)
Reclassification from translation reserve to income statement on disposal of foreign operation	**18.7**	**–**	**18.7**	–	–	–
Gain taken to equity as a result of effective net investment hedges	**20.3**	**–**	**20.3**	31.4	–	31.4
Gain/(loss) recognised in cash flow hedge reserve	**6.3**	**(1.6)**	**4.7**	(2.3)	0.6	(1.7)
Other comprehensive (expense)/income	**(183.1)**	**6.5**	**(176.6)**	(94.9)	–	(94.9)
Dividends	**(228.6)**	**–**	**(228.6)**	(209.7)	–	(209.7)
Movement from cash flow hedge reserve to inventory	**0.8**	**(0.2)**	**0.6**	1.0	(0.3)	0.7
Hyperinflation accounting adjustments	**17.1**	**–**	**17.1**	21.6	–	21.6
Issue of share capital	**7.0**	**–**	**7.0**	5.9	–	5.9
Own shares purchased for cancellation	**(301.2)**	**–**	**(301.2)**	–	–	–
Non-controlling interest on acquisition	**2.7**	**–**	**2.7**	–	–	–
Employee trust shares	**(16.6)**	**–**	**(16.6)**	(25.2)	–	(25.2)
Share based payments	**17.2**	**1.8**	**19.0**	15.4	5.4	20.8
Other comprehensive (expense)/income and equity	**(684.7)**	**8.1**	**(676.6)**	(285.9)	5.1	(280.8)

// NOTES *continued*

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 equal to or higher than the UK statutory rate for the year of 25.0% (2023: 23.5%). Although the Group is subject to the global minimum tax regime known as Pillar 2 from 2024, this is not expected to cause any significant increase in the Group's tax liabilities. The adjustments to the tax charge at the weighted average rate to determine the income tax on profit are as follows:

	2024 £m	2023 £m
Profit before income tax	673.6	698.6
Weighted average rate	25.1%	25.2%
Tax charge at weighted average rate	168.9	176.0
Effects of:		
non-deductible expenditure	9.7	0.5
impact of intercompany finance	1.4	1.2
change in tax rates	(0.4)	(0.7)
inflation: tax and accounting impacts	1.3	3.8
prior year adjustments	(7.9)	(7.0)
other current year items	(0.4)	(1.4)
Income tax on profit	172.6	172.4

Deferred tax in the income statement	2024 £m	2023 £m
Property, plant and equipment	0.4	1.0
Defined benefit pension schemes	1.4	1.6
Goodwill, customer and supplier relationships, brands and technology	(23.8)	(20.2)
Provisions and accruals	7.0	(3.6)
Inventories	2.7	7.4
Leases	(0.9)	(1.1)
Other	(3.1)	(4.8)
Deferred tax on profit	(16.3)	(19.7)

8 Earnings per share attributable to the Company's equity holders

	2024 £m	2023 £m
Profit for the year attributable to the Company's equity holders	500.4	526.2
Adjusted for:		
amortisation excluding software	148.3	135.6
acquisition related items	33.9	19.5
profit on disposal of businesses	20.3	–
non-recurring pension scheme credit	(3.2)	–
tax credit on adjusting items	(49.8)	(41.0)
Adjusted profit for the year attributable to the Company's equity holders	649.9	640.3

	2024	2023
Basic weighted average number of ordinary shares in issue (million)	334.4	335.0
Dilutive effect of employee share plans (million)	2.1	2.2
Diluted weighted average number of ordinary shares (million)	336.5	337.2
Basic earnings per share attributable to the Company's equity holders	149.6p	157.1p
Adjustment	44.7p	34.0p
Adjusted earnings per share attributable to the Company's equity holders	194.3p	191.1p
Diluted basic earnings per share attributable to the Company's equity holders	148.7p	156.0p
Adjustment	44.4p	33.9p
Adjusted diluted earnings per share attributable to the Company's equity holders	193.1p	189.9p

// NOTES *continued*

9 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 2024 the allocation period for all acquisitions completed since 1 January 2024 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 2024 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 intangible assets of £1.5m (2023: net increase of £3.5m). 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 in respect of acquisitions comprises amounts paid on completion and deferred consideration. The consideration has been allocated against the identified net assets, with the balance recorded as goodwill. 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. Transaction costs and expenses such as professional fees are charged to operating profit in the income statement. Given the structure of acquisitions and the quantum of deferred consideration in the period, the Group has recognised interest on unwinding of discounting deferred consideration, where applicable, which is charged to finance expense in the income statement.

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.

2024

Summary details of the businesses acquired during the year ended 31 December 2024 are shown in the table below:

Business	Sector	Country	Acquisition date 2024	Percentage of share capital acquired	Annualised revenue £m
Pamark Group	Foodservice, Healthcare, Cleaning & Hygiene and Safety	Finland	29 February	100%	53.3
Nisbets	Foodservice	United Kingdom	23 May	80%	474.9
Clean Spot	Cleaning & Hygiene	Canada	18 June	100%	4.3
Sistemas De Embalaje Anper	Other	Spain	28 June	100%	24.9
Holland Packaging	Retail	Netherlands	29 June	75%	15.0
RCL Implantes	Healthcare	Brazil	3 July	100%	15.6
Powervac	Cleaning & Hygiene	Australia	31 July	100%	4.5
Cermerón	Foodservice	Spain	30 August	100%	10.3
Cubro Group	Healthcare	New Zealand	30 September	72%	45.7
DBM Medical Group	Healthcare	New Zealand	30 September	75%	8.7
Arrow County Holdings Limited	Cleaning & Hygiene	United Kingdom	22 October	100%	27.1
C&C Group	Foodservice	United Kingdom	29 October	100%/80%	26.7
Comodis	Cleaning & Hygiene	France	1 December	100%	20.7
Others*					12.5
Acquisitions agreed and completed in the current year					744.2

* Others includes two acquisitions agreed in 2024.

// NOTES *continued*

9 Acquisitions continued

The acquisition of Nisbets is considered to be individually significant due to its impact on intangible assets. The acquisition is therefore separately disclosed in the table below. No acquisitions in 2023 were considered to be individually significant. A summary of the effect of acquisitions in 2024 and 2023 is shown below:

	Nisbets £m	Other £m	Total 2024 £m	Total 2023 £m
Customer and supplier relationships	124.6	160.0	284.6	229.5
Brands	78.3	5.0	83.3	10.6
Property, plant and equipment and software	62.5	9.2	71.7	16.6
Right-of-use assets	55.7	17.3	73.0	16.2
Inventories	77.0	34.7	111.7	44.7
Trade and other receivables	59.6	71.9	131.5	57.0
Trade and other payables	(103.0)	(37.4)	(140.4)	(40.5)
Net cash	43.4	16.5	59.9	19.8
External debt	(5.6)	(0.7)	(6.3)	–
Provisions	(10.5)	(22.3)	(32.8)	(26.2)
Lease liabilities	(55.7)	(18.0)	(73.7)	(16.2)
Income tax payable and deferred tax liabilities	(45.8)	(65.4)	(111.2)	(29.6)
Fair value of net assets acquired	280.5	170.8	451.3	281.9
Less non-controlling interests	(2.7)	–	(2.7)	–
Provisional goodwill	187.5	170.3	357.8	130.6
Consideration	465.3	341.1	806.4	412.5
Satisfied by:				
cash consideration	377.6	297.6	675.2	343.0
deferred consideration	87.7	43.5	131.2	69.5
	465.3	341.1	806.4	412.5
Contingent payments relating to retention of former owners	42.1	50.7	92.8	59.5
Interest relating to discounting of deferred consideration	15.1	2.2	17.3	–
Net cash acquired	(43.4)	(16.5)	(59.9)	(19.8)
Transaction costs and expenses	12.4	13.5	25.9	18.1
Total committed spend in respect of acquisitions completed in the year	491.5	391.0	882.5	470.3
Spend on acquisitions committed at prior year end but completed in the current year	–	–	–	(2.8)
Total committed spend in respect of acquisitions agreed in the year	491.5	391.0	882.5	467.5

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

	Nisbets £m	Other £m	Total 2024 £m	Total 2023 £m
Cash consideration	377.6	297.6	675.2	343.0
Net cash acquired	(43.4)	(16.5)	(59.9)	(19.8)
Deferred consideration payments	–	20.9	20.9	14.5
Net cash outflow on purchase of businesses	334.2	302.0	636.2	337.7
Transaction costs and expenses paid	11.0	14.6	25.6	18.1
Payments relating to retention of former owners	–	16.4	16.4	18.8
Cash outflow from acquisition related items	11.0	31.0	42.0	36.9
Total cash outflow in respect of acquisitions	345.2	333.0	678.2	374.6

Acquisitions completed in the year ended 31 December 2024 contributed £398.3m (2023: £120.5m) to the Group's revenue, £34.8m (2023: £16.1m) to the Group's adjusted operating profit and £20.1m (2023: £8.7m) to the Group's operating profit for the year ended 31 December 2024.

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

	2024 £m	2023 £m
Revenue	744.2	325.1
Adjusted operating profit	72.0	51.4

The total amount of goodwill expected to be deductible for tax purposes in relation to acquisitions completed during the year is £nil (2023: £49.1m).

// NOTES *continued*

9 Acquisitions continued

Deferred consideration

The table below gives further details of the Group's deferred consideration liabilities.

	2024 £m	2023 £m
Minority options – acquisition of non-controlling interest*	158.4	86.5
Earn outs	33.7	36.9
Deferred consideration held at fair value	192.1	123.4
Minority options – retention payments of former owners*	50.3	38.2
Other	15.8	14.0
Total deferred consideration	258.2	175.6
Current	43.6	32.3
Non-current	214.6	143.3
Total deferred consideration	258.2	175.6
Expected future payments which are contingent on the continued retention of former owners of businesses acquired not yet recognised on balance sheet	117.2	83.2
Total deferred and contingent consideration – on and off balance sheet	375.4	258.8

The maturity profile of total deferred and contingent consideration is set out in the table below.

	2024 £m	2023 £m
Within one year	44.2	33.6
After one year but within two years	19.3	31.2
After two years but within five years	301.3	178.0
After five years	10.6	16.0
	375.4	258.8

	2024			2023		
	Deferred consideration held at fair value £m	Other £m	Total deferred consideration £m	Deferred consideration held at fair value* £m	Other £m	Total deferred consideration £m
Beginning of year	123.4	52.2	175.6	101.8	38.1	139.9
Acquisitions	128.6	2.6	131.2	61.4	8.1	69.5
Charges related to the retention of former owners	–	40.7	40.7	–	34.5	34.5
Adjustments to previously estimated earn outs and minority options	(33.0)	(9.0)	(42.0)	(27.2)	(8.7)	(35.9)
Interest on unwinding of discounting	2.2	–	2.2	–	–	–
Deferred consideration and retention payments	(16.0)	(17.3)	(33.3)	(10.8)	(19.2)	(30.0)
Foreign exchange	(13.1)	(3.1)	(16.2)	(1.8)	(0.6)	(2.4)
End of year	192.1	66.1	258.2	123.4	52.2	175.6

* The Group has restated comparatives for the year to 31 December 2023 to remove minority options – retention payments of former owners from 'Deferred consideration held at fair value' as these are accounted for in line with IAS19 'Employee benefits'.

// NOTES *continued*

2023

Summary details of the businesses acquired during the year ended 31 December 2023 are shown in the table below:

Business	Sector	Country	Acquisition date 2023	Percentage of share capital acquired	Annualised revenue £m
GRC	Healthcare	Australia	1 January	100%	4.4
Capital Paper	Foodservice	Canada	31 January	100%	16.0
Arbeitsschutz-Express	Safety	Germany	3 April	66%	33.1
Dimasa	Cleaning & Hygiene	Spain	28 April	100%	3.1
Irudek	Safety	Spain	28 April	75%	16.7
EHM	Safety	UK	5 June	100%	19.5
La Cartuja Complementos Hostelería	Foodservice	Spain	30 June	100%	4.4
EcoTools.nl	Other	Netherlands	31 July	100%	17.8
Leal Equipamentos de Proteção	Safety	Brazil	1 August	100%	33.1
PackPro	Foodservice	Canada	10 August	85%	20.1
Groveko	Cleaning & Hygiene	Netherlands	11 August	93.75%	21.0
Pittman Traffic & Safety Equipment*	Safety	Ireland	28 August	100%	6.2
FlexPost	Safety	USA	31 October	100%	3.0
Grupo Lanlimp	Cleaning & Hygiene	Brazil	1 November	70%	37.8
Melbourne Cleaning Supplies	Cleaning & Hygiene	Australia	6 November	100%	9.7
Safety First	Safety	Poland	30 November	65%	24.9
Miracle Sanitation Supply	Cleaning & Hygiene	Canada	1 December	100%	7.6
CT Group	Healthcare	Brazil	1 December	100%	47.8
Others**				100%	3.3
Acquisitions completed in the current year					329.5
GRC	Healthcare	Australia	1 January	100%	(4.4)
Acquisitions agreed in the current year					325.1

* The acquisition supports the expansion of our North America based McCue business and is therefore reported as part of the North America business area.
** Others includes two small acquisitions agreed in 2023.

10 Disposal of businesses

The Group completed the disposal of Vicsa Argentina on 14 March 2024 and a healthcare business in Germany on 12 July 2024. As a result, the net assets of the Group decreased by £20.3m representing the loss on disposal of £20.3m. The loss on disposal reflects the cash consideration received of £4.4m offset by the net book value of assets disposed of £6.0m and recycling of historical foreign exchange losses of £18.7m from amounts held in the translation reserve within equity. There were no disposals completed in the year ended 31 December 2023.

The net cash inflow in the year in respect of disposal of businesses comprised:

Cash flow from disposal of businesses	2024 £m
Cash consideration received	4.4
Cash and cash equivalents disposed	(1.5)
Net cash proceeds	**2.9**

11 Property, plant and equipment

2024	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	104.0	208.5	126.6	439.1
Acquisitions (Note 9)	38.6	21.4	7.5	67.5
Disposal of businesses	–	–	(0.6)	(0.6)
Additions	5.6	22.1	12.6	40.3
Disposals	(10.1)	(8.6)	(12.8)	(31.5)
Transferred to assets held for sale	(0.3)	(1.5)	(0.1)	(1.9)
Currency translation	(3.1)	(9.1)	(8.4)	(20.6)
End of year	134.7	232.8	124.8	492.3
Accumulated depreciation				
Beginning of year	59.2	134.3	86.2	279.7
Charge in year	6.7	19.4	11.7	37.8
Disposal of businesses	–	–	(0.4)	(0.4)
Disposals	(7.2)	(8.6)	(10.8)	(26.6)
Transferred to assets held for sale	(0.2)	(1.5)	(0.1)	(1.8)
Currency translation	(1.6)	(3.7)	(4.4)	(9.7)
End of year	56.9	139.9	82.2	279.0
Net book value at 31 December 2024	**77.8**	**92.9**	**42.6**	**213.3**

// NOTES *continued*

11 Property, plant and equipment continued

2023	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	98.9	201.6	117.2	417.7
Acquisitions (Note 9)	3.6	8.6	3.1	15.3
Additions	4.6	20.7	17.5	42.8
Disposals	(2.5)	(14.9)	(8.7)	(26.1)
Currency translation	(0.6)	(7.5)	(2.5)	(10.6)
End of year	104.0	208.5	126.6	439.1
Accumulated depreciation				
Beginning of year	56.6	138.5	85.4	280.5
Charge in year	5.3	16.0	10.4	31.7
Disposals	(2.3)	(14.4)	(7.9)	(24.6)
Currency translation	(0.4)	(5.8)	(1.7)	(7.9)
End of year	59.2	134.3	86.2	279.7
Net book value at 31 December 2023	44.8	74.2	40.4	159.4

12 Right-of-use assets

2024	Property £m	Motor vehicles £m	Equipment £m	Total £m
Net book value at beginning of year	**520.0**	**68.8**	**27.5**	**616.3**
Acquisitions (Note 9)	**69.8**	**2.9**	**0.3**	**73.0**
Disposal of businesses	**(0.2)**	**(0.1)**	**(0.1)**	**(0.4)**
Additions	**97.9**	**44.4**	**19.0**	**161.3**
Transferred to assets held for sale	**(1.5)**	**–**	**–**	**(1.5)**
Depreciation charge in the year	**(142.8)**	**(31.6)**	**(11.7)**	**(186.1)**
Remeasurement adjustments	**47.8**	**0.8**	**1.2**	**49.8**
Currency translation	**(13.3)**	**(1.3)**	**(0.2)**	**(14.8)**
Net book value at 31 December 2024	**577.7**	**83.9**	**36.0**	**697.6**

2023	Property £m	Motor vehicles £m	Equipment £m	Total £m
Net book value at beginning of year	439.6	63.3	26.7	529.6
Acquisitions (Note 9)	15.9	0.3	–	16.2
Additions	87.5	37.1	12.1	136.7
Depreciation charge in the year	(125.1)	(30.0)	(11.0)	(166.1)
Remeasurement adjustments	118.6	0.4	0.8	119.8
Currency translation	(16.5)	(2.3)	(1.1)	(19.9)
Net book value at 31 December 2023	520.0	68.8	27.5	616.3

// NOTES *continued*

13 Intangible assets

2024	Goodwill £m	Customer and supplier relationships £m	Brands £m	Technology £m	Software £m	Total £m
Cost						
Beginning of year	2,020.7	2,494.5	48.5	9.3	116.8	4,689.8
Acquisitions (Note 9)	357.8	284.6	83.3	–	4.2	729.9
Disposal of businesses	(3.3)	(15.4)	–	–	(0.3)	(19.0)
Adjustment for hyperinflation accounting[1]	7.5	0.9	–	–	–	8.4
Additions					14.1	14.1
Disposals					(2.1)	(2.1)
Transferred to assets held for sale	(1.7)	–	–	–	–	(1.7)
Currency translation	(83.2)	(111.1)	(1.2)	(0.5)	(2.6)	(198.6)
End of year	2,297.8	2,653.5	130.6	8.8	130.1	5,220.8
Accumulated amortisation and impairment						
Beginning of year	11.8	1,343.7	7.4	1.8	83.0	1,447.7
Amortisation charge in the year		139.4	7.1	1.8	11.9	160.2
Impairment charge in the year	–	2.3	–	–	–	2.3
Disposal of businesses	–	(11.2)	–	–	(0.3)	(11.5)
Adjustment for hyperinflation accounting[1]	–	0.7	–	–	–	0.7
Disposals					(2.1)	(2.1)
Currency translation	(0.1)	(57.2)	(0.3)	(0.1)	(2.6)	(60.3)
End of year	11.7	1,417.7	14.2	3.5	89.9	1,537.0
Net book value at 31 December 2024	2,286.1	1,235.8	116.4	5.3	40.2	3,683.8

1. See Note 1 for further details.

2023	Goodwill £m	Customer and supplier relationships £m	Brands £m	Technology £m	Software £m	Total £m
Cost						
Beginning of year	1,944.4	2,349.0	39.7	9.5	107.4	4,450.0
Acquisitions (Note 9)	130.6	229.5	10.6	–	1.3	372.0
Adjustment for hyperinflation accounting[1]	8.4	1.6	–	–	–	10.0
Additions					15.5	15.5
Disposals					(4.6)	(4.6)
Currency translation	(62.7)	(85.6)	(1.8)	(0.2)	(2.8)	(153.1)
End of year	2,020.7	2,494.5	48.5	9.3	116.8	4,689.8
Accumulated amortisation and impairment						
Beginning of year	12.8	1,258.1	4.8	0.4	80.0	1,356.1
Amortisation charge in the year		130.2	4.0	1.4	9.4	145.0
Adjustment for hyperinflation accounting[1]	–	1.2	–	–	–	1.2
Disposals					(4.6)	(4.6)
Currency translation	(1.0)	(45.8)	(1.4)	–	(1.8)	(50.0)
End of year	11.8	1,343.7	7.4	1.8	83.0	1,447.7
Net book value at 31 December 2023	2,008.9	1,150.8	41.1	7.5	33.8	3,242.1

1. See Note 1 for further details.

Goodwill, customer and supplier relationships, brands and technology intangible assets have been acquired as part of business combinations. Further details of acquisitions made in the year are set out in Note 9.

Customer and supplier relationships include four businesses with individually significant customer and supplier relationships assets, McCue Corporation acquired in October 2021 and based in North America, MCR Safety acquired in September 2020 and based in North America, Hedis acquired in 2017 and based in France and Nisbets acquired in May 2024 and based in the UK. The net book value of customer and supplier relationships as at 31 December 2024 were: McCue Corporation £92.4m (2023: £98.9m) with a remaining useful economic life of 11.7 years (2023: 12.7 years), MCR Safety £76.8m (2023: £82.7m) with a remaining useful economic life of 10.7 years (2023: 11.7 years), Hedis £64.8m (2023: £76.8m) with a remaining useful economic life of 8.9 years (2023: 9.9 years) and Nisbets £118.2m (2023: £nil) with a remaining useful economic life of 9.0-13.0 years. Brands include one business, Nisbets, with individually significant brands assets with a total net book value as at 31 December 2024 of £75.0m (2023: £nil) and a remaining useful economic life of 13.2 years.

// NOTES *continued*

13 Intangible assets continued

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. 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 (2023: seven). Based on our impairment testing, no impairments were identified to the carrying value of goodwill within the Group.

As at 31 December 2024, 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 2024 the carrying value of goodwill in respect of North America was £702.4m (2023: £700.0m), UK & Ireland was £519.1m (2023: £317.3m), France was £250.8m (2023: £253.5m) and Rest of Continental Europe was £344.2m (2023: £307.1m). As at 31 December 2024 the aggregate amount of goodwill attributable to the Group's CGUs, excluding North America, UK & Ireland, France and Rest of Continental Europe, was £469.6m (2023: £431.0m), 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 2024 was in the range of 2.5%–3.2% (2023: 2.5%–3.3%) reflecting anticipated revenue and profit growth. A pre-tax discount rate in the range of 9%–11% (2023: 9%–11%) 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%–5.5% (2023: 2.5%–5.5%) and pre-tax discount rates ranging from 9%–14% (2023: 9%–15%).

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, the Group has recognised an impairment charge of £2.3m relating to the customer relationships intangible asset of a foodservice business within the Benelux and Germany cash generating unit in Continental Europe.

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, profit margins and the discount rates selected. Key assumptions on which value in use calculations are dependent relate to the discount rates used, profit margins 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 lower profit, 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.

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 between 1ºC to 2ºC by 2100 but differ in the speed and extent of global 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 (hothouse world scenario). Having assessed these scenarios the Group has concluded that, although climate change is a principal risk, it does not warrant any amendment to the assumptions used in the Group's impairment testing, and would not have a material impact on the results of the impairment testing.

14 Working capital

	2024 £m	2023 £m
Inventories (Note 15)	**1,760.9**	1,621.1
Trade and other receivables (Note 16)	**1,634.1**	1,578.5
Trade and other payables – current (Note 17)	**(2,206.1)**	(2,071.6)
Add back net non-trading related receivables and payables	**21.3**	30.1
	1,210.2	1,158.1

See Note 30 for the cash flow impact of movements in working capital which exclude the impact from foreign exchange movements, acquisitions and the disposal of businesses.

// NOTES *continued*

15 Inventories

	2024 £m	2023 £m
Goods for resale	**1,760.9**	1,621.1

During the year £10.0m (2023: £11.9m) was written off directly 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 2024 were £143.5m (2023: £154.2m).

16 Trade and other receivables

	2024 £m	2023 £m
Trade receivables	**1,284.5**	1,287.3
Prepayments	**92.4**	84.4
Other receivables	**257.2**	206.8
	1,634.1	1,578.5

The Group does not have any significant contract assets.

The ageing of trade receivables at 31 December was:

	2024		2023	
	Gross £m	Provision £m	Gross £m	Provision £m
Current	**1,106.3**	**10.8**	1,058.6	5.7
0–30 days overdue	**142.2**	**2.5**	186.1	2.6
31–90 days overdue	**49.3**	**5.4**	49.6	3.0
Over 90 days overdue	**26.3**	**20.9**	27.5	23.2
	1,324.1	**39.6**	1,321.8	34.5

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:

	2024 £m	2023 £m
Beginning of year	**34.5**	29.1
Acquisitions	**9.4**	4.3
Charge	**6.1**	6.3
Released	**(5.1)**	(3.7)
Utilised	**(2.6)**	(1.0)
Currency translation	**(2.7)**	(0.5)
End of year	**39.6**	34.5

17 Trade and other payables

Current

	2024 £m	2023 £m
Trade payables	**1,392.9**	1,290.1
Other tax and social security contributions	**36.3**	35.2
Other payables	**264.6**	249.6
Accruals and contract liabilities	**512.3**	496.7
	2,206.1	2,071.6

Other payables includes £43.6m (2023: £32.3m) related to deferred consideration on acquisitions.

The Group's contract liabilities are limited to deferred income of £10.4m (2023: £7.1m). This arises from contracts with customers in the form of consideration that has been received in advance of the satisfaction of performance obligations.

Non-current

Other payables greater than one year of £255.4m (2023: £176.1m) includes £214.6m (2023: £143.3m) related to deferred consideration on acquisitions.

18 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 and the return on invested capital (as defined in Note 3) as well as the level of total shareholders' equity and sets the amount of dividends paid to ordinary shareholders.

The principal financial covenant limits are net debt, calculated at average exchange rates, to EBITDA of no more than 3.5 times and interest cover of no less than 3.0 times, based on historical accounting standards. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt. During the year ended 31 December 2024 all covenants were complied with, with covenant net debt to EBITDA of 1.5 times as at 31 December 2024 (31 December 2023: 1.1 times), and based on current forecasts it is expected that such covenants will continue to be complied with for the foreseeable future. The US private placement notes ('USPPs') issued in March 2022 contain a clause whereby upon maturity of the previously issued USPPs, the latest maturity being in 2028, the principal financial covenants referred to above will no longer apply.

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.

// NOTES *continued*

18 Risk management and financial instruments continued

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 171.

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 2024 in relation to the interest rate swaps or the forward currency contracts.

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 2024, the Group issued a €500m bond which matures in 2032 under the terms of its Euro Medium Term Note ('EMTN') programme. The bond issued extends the maturity profile of the Group's debt portfolio.

During 2024, £264.8m of existing bank facilities with maturities between 2024 and 2026 were refinanced by £350.6m of new or amended bank facilities with maturities between 2026 to 2029.

In July 2024, the Group established a €1 billion euro-commercial paper programme, under which it can issue short term notes. At 31 December 2024, the nominal value of commercial paper in issue was £144.6m (2023: none) with maturities of up to three months.

Loans, borrowings and net debt

	2024 £m	2023 £m
Bank overdrafts	**(987.9)**	(874.2)
Bank loans	**(1.6)**	(0.1)
Commercial paper	**(144.3)**	–
US private placement notes	**(173.4)**	(129.9)
Senior bonds	**(299.9)**	–
Borrowings due within one year	**(1,607.1)**	(1,004.2)
Bank loans	**(5.8)**	–
US private placement notes	**(628.6)**	(795.2)
Senior bonds	**(727.3)**	(621.9)
Borrowings due after one year	**(1,361.7)**	(1,417.1)
Derivatives managing the interest rate risk and currency profile of the debt	**(75.5)**	(90.3)
Gross debt	**(3,044.3)**	(2,511.6)
Cash and cash equivalents	**1,432.9**	1,426.1
Net debt excluding lease liabilities	**(1,611.4)**	(1,085.5)
Lease liabilities	**(754.1)**	(664.5)
Net debt including lease liabilities	**(2,365.5)**	(1,750.0)

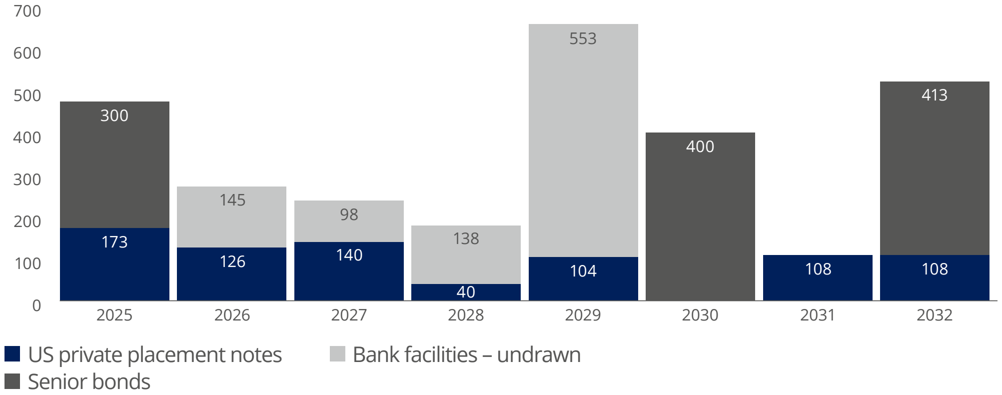
Further information on the movement in net debt and lease liabilities is shown in Note 29.

// NOTES *continued*

18 Risk management and financial instruments continued

The total available committed funding at 31 December 2024 was £2,845.4m (2023: £2,470.0m). This includes our US private placement notes, senior bonds and all committed bank facilities. The committed funding maturity profile at 31 December 2024 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:

	2024 £m	2023 £m
Expiring within one year	–	179.8
Expiring after one year but within two years	145.3	50.0
Expiring after two years	788.2	622.8
	933.5	852.6

In addition, the Group maintains a commercial paper programme, bank overdrafts and uncommitted facilities to provide short term flexibility. As at 31 December 2024 there were no loans secured by fixed charges on property (2023: none).

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 SOFR 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. Foreign currency cash flows have been translated using spot rates as at 31 December.

	Contractual cash (outflows)/inflows				
2024	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	(987.9)	(987.9)			
Bank loans	(7.4)	(1.6)	(1.0)	(2.7)	(2.1)
Commercial paper	(144.6)	(144.6)			
US private placement notes	(918.3)	(201.2)	(149.1)	(330.4)	(237.6)
Senior bonds	(1,260.5)	(319.7)	(19.9)	(59.8)	(861.1)
Lease payments	(875.0)	(212.8)	(189.4)	(338.3)	(134.5)
Trade and other payables	(2,364.5)	(2,149.0)	(50.5)	(157.7)	(7.3)
	(6,558.2)	(4,016.8)	(409.9)	(888.9)	(1,242.6)
Derivative financial instruments					
Net settled:					
Interest rate swaps	(115.5)	(20.2)	(20.2)	(56.8)	(18.3)
Gross settled:					
Foreign exchange inflows	2,768.1	2,768.1	–		
Foreign exchange outflows	(2,753.3)	(2,753.3)	–		
	(100.7)	(5.4)	(20.2)	(56.8)	(18.3)
Total	(6,658.9)	(4,022.2)	(430.1)	(945.7)	(1,260.9)

// NOTES *continued*

18 Risk management and financial instruments continued

2023	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
	Contractual cash (outflows)/inflows				
Financial liabilities					
Bank overdrafts	(874.2)	(874.2)			
Bank loans	(0.1)	(0.1)			
US private placement notes	(1,068.8)	(163.4)	(199.6)	(357.2)	(348.6)
Senior bonds	(755.6)	(12.8)	(312.8)	(18.0)	(412.0)
Lease payments	(788.1)	(180.5)	(159.4)	(318.4)	(129.8)
Trade and other payables*	(2,167.2)	(2,018.4)	(55.4)	(83.7)	(9.7)
	(5,654.0)	(3,249.4)	(727.2)	(777.3)	(900.1)
Derivative financial instruments					
Net settled:					
Interest rate swaps	(151.9)	(22.8)	(22.8)	(65.9)	(40.4)
Gross settled:					
Foreign exchange inflows	2,539.0	2,539.0	–		
Foreign exchange outflows	(2,549.2)	(2,549.2)	–		
	(162.1)	(33.0)	(22.8)	(65.9)	(40.4)
Total	(5,816.1)	(3,282.4)	(750.0)	(843.2)	(940.5)

* The Group has restated comparatives for the year to 31 December 2023 to remove minority options – retention payments of former owners of £38.2m from Other payables held at fair value as these are accounted for in line with IAS19 'Employee benefits'.

(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 £802.0m (2023: £925.1m), there are US dollar denominated amounts totalling £92.0m (2023: £90.6m), with maturities ranging from 2026 to 2028, which have been swapped to floating rates using interest rate swaps which reprice daily. Of the senior bonds of £1,027.2m (2023: £621.9m), an amount totalling £318.9m (2023: £322.4m), with a maturity of 2030, has been swapped to floating rates using interest rate swaps which reprice daily.

The US private placement notes of £802.0m include a fair value adjustment of £8.1m (2023: £12.4m) 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 2024 was a credit to the income statement of £4.3m (2023: £4.2m).

The interest rate risk on the floating rate liability is managed using interest rate options. The strike rates of these options are based on EURIBOR and are re-priced every three months.

Fixed vs floating interest rate table

	2024 £m	2023 £m
Fixed rate debt		
US private placement notes	**(802.0)**	(925.1)
Senior bonds	**(1,027.2)**	(621.9)
Total fixed rate debt	**(1,829.2)**	(1,547.0)
Interest rate swaps (fixed leg)	**410.9**	413.0
Fixed rate liability	**(1,418.3)**	(1,134.0)
Floating rate debt		
Bank overdrafts	**(987.9)**	(874.2)
Bank loans	**(7.4)**	(0.1)
Commercial paper	**(144.3)**	–
Total floating rate debt	**(1,139.6)**	(874.3)
Interest rate swaps (floating leg)	**(410.9)**	(413.0)
Floating rate liability	**(1,550.5)**	(1,287.3)
Derivatives managing the interest rate risk and currency profile of the debt	**(75.5)**	(90.3)
Gross debt excluding lease liabilities	**(3,044.3)**	(2,511.6)

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:

	2024	2023
Interest rate swaps		
Net carrying amount liability (£m)	**(82.8)**	(78.7)
Notional amount (£m)	**496.0**	494.5
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)	**3.9**	(24.4)
Fair value (loss)/gain on interest rate swaps in a hedge relationship (£m)	**(4.1)**	21.8

// NOTES *continued*

18 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
2024	**0.1**	**–**	**0.1**	**–**
2023	0.2	(0.1)	0.2	(0.1)

(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	
	2024	2023	2024	2023
US dollar	**1.28**	1.24	**1.25**	1.27
Euro	**1.18**	1.15	**1.21**	1.15

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 21 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 2024, all foreign exchange cash flow hedges were effective with a cumulative pre-tax gain of £4.7m (2023: cumulative pre-tax loss of £2.5m) recognised in equity at the end of the year and this will affect the income statement during 2025.

Effects of hedge accounting on the financial position and performance

	2024	2023
Forward foreign currency hedges in relation to inventory purchases		
Net carrying amount asset/(liability) (£m)	**4.7**	(2.5)
Notional amount at 31 December (£m)	**131.2**	135.3
Maturity date range	**2025**	2024
Hedge ratio	**1:1**	1:1
Change in value of hedged items since 1 January (£m)	**(7.2)**	1.3
Change in fair value of outstanding foreign currency forward contracts since 1 January (£m)	**7.2**	(1.3)

The majority of the Group's borrowings are in effect 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.

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

	2024 £m	2023 £m
US dollar	**637.7**	438.6
Sterling	**225.4**	91.8
Euro	**644.7**	573.9
Other	**103.6**	(18.8)
	1,611.4	1,085.5

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 2024, a movement of one cent in the US dollar and euro average exchange rates would have changed profit before income tax by £2.8m and £0.9m respectively (2023: £3.0m and £1.0m) and adjusted profit before income tax by £3.2m and £1.2m respectively (2023: £3.4m 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
2024	**0.7**	**(0.9)**	**(214.9)**	**260.3**
2023	0.4	(0.5)	(228.8)	308.2

// NOTES *continued*

18 Risk management and financial instruments continued

(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 172) and trade and other receivables (see Note 16) 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 16 sets out an analysis of trade and other receivables and the provision for expected credit losses and credit notes in respect of trade receivables.

At the balance sheet date there were no significant concentrations of credit risk (2023: none).

(e) Financial instruments

Financial assets and liabilities

	2024 £m	2023 £m
Financial assets held at amortised cost		
Cash at bank and in hand	**1,369.1**	1,377.1
Trade and other receivables	**1,541.7**	1,494.1
Total financial assets held at amortised cost	**2,910.8**	2,871.2
Financial assets held at fair value		
Foreign exchange derivatives in cash flow hedges	**4.8**	0.3
Foreign exchange derivatives in net investment hedges	**13.3**	9.8
Other foreign exchange and interest rate derivatives	**9.9**	1.7
Total derivative financial assets	**28.0**	11.8
Money market funds	**63.8**	49.0
Total financial assets held at fair value	**91.8**	60.8
Total financial assets	**3,002.6**	2,932.0
Current derivative financial assets	**28.0**	11.7
Non-current derivative financial assets	**–**	0.1
Total derivative financial assets	**28.0**	11.8

Financial assets and liabilities

	2024 £m	2023 £m
Financial liabilities held at amortised cost		
Bank overdrafts	**(987.9)**	(874.2)
Bank loans	**(7.4)**	(0.1)
Commercial paper	**(144.3)**	–
US private placement notes	**(802.0)**	(925.1)
Senior bonds	**(1,027.2)**	(621.9)
Lease liabilities	**(754.1)**	(664.5)
Trade and other payables	**(2,172.4)**	(2,043.8)
Total financial liabilities held at amortised cost	**(5,895.3)**	(5,129.6)
Financial liabilities held at fair value		
Interest rate derivatives in fair value hedges	**(82.8)**	(78.7)
Foreign exchange derivatives in cash flow hedges	**(0.1)**	(2.8)
Foreign exchange derivatives in net investment hedges	**(9.1)**	(16.6)
Other foreign exchange derivatives	**(6.6)**	(6.3)
Total derivative financial liabilities	**(98.6)**	(104.4)
Other payables held at fair value*	**(192.1)**	(123.4)
Total financial liabilities held at fair value	**(290.7)**	(227.8)
Total financial liabilities	**(6,186.0)**	(5,357.4)
Current derivative financial liabilities	**(15.8)**	(25.7)
Non-current derivative financial liabilities	**(82.8)**	(78.7)
Total derivative financial liabilities	**(98.6)**	(104.4)

* The Group has restated comparatives for the year to 31 December 2023 to remove minority options – retention payments of former owners of £38.2m from Other payables held at fair value as these are accounted for in line with IAS19 'Employee benefits'.

Financial assets and liabilities stated as being measured at fair value in the tables above (including all derivative financial instruments), with the exception of money market funds and 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. Money market funds have a fair value which is a level one fair value measurement, as this is determined by utilising unadjusted quoted prices in active markets as at the balance sheet date. Other payables measured at fair value relate to earn outs and minority options, excluding elements relating to the retention of former owners, on businesses acquired.

// NOTES *continued*

18 Risk management and financial instruments continued

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. These balances are sensitive to a change in the expected profitability of the businesses acquired. A 1% increase in the expected profitability of the relevant businesses acquired would result in an increase to other payables held at fair value of £2.1m (2023: £2.3m) and 1% decrease in the expected profitability would result in a decrease of £2.1m (2023: £2.3m).

There were no transfers between levels for recurring fair value measurements during the year.

As at 31 December 2024 the fair values, based on unadjusted market data, of the US private placement notes was £761.6m (2023: £875.9m) and of the senior bonds was £968.2m (2023: £615.8m).

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.

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.

2024	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	**28.0**	**–**	**28.0**	**(12.9)**	**15.1**
Derivative financial liabilities	**(98.6)**	**–**	**(98.6)**	**12.9**	**(85.7)**
2023					
Derivative financial assets	11.8	–	11.8	(10.2)	1.6
Derivative financial liabilities	(104.4)	–	(104.4)	10.2	(94.2)

19 Provisions

	2024 £m	2023 £m
Current	**57.1**	10.0
Non-current	**49.7**	75.8
	106.8	85.8

	2024				2023			
	Properties £m	MEPP withdrawal £m	Other £m	Total £m	Properties £m	MEPP withdrawal £m	Other £m	Total £m
Beginning of year	**26.4**	**4.2**	**55.2**	**85.8**	25.3	13.8	35.6	74.7
Charge	**2.1**	**–**	**7.1**	**9.2**	2.6	–	1.3	3.9
Acquisitions	**8.1**	**–**	**24.7**	**32.8**	2.2	–	24.0	26.2
Disposal of businesses	**–**	**–**	**(4.2)**	**(4.2)**	–	–	–	–
Utilised or released	**(1.9)**	**(0.7)**	**(6.0)**	**(8.6)**	(3.3)	(9.1)	(5.0)	(17.4)
Currency translation	**(0.4)**	**–**	**(7.8)**	**(8.2)**	(0.4)	(0.5)	(0.7)	(1.6)
End of year	**34.3**	**3.5**	**69.0**	**106.8**	26.4	4.2	55.2	85.8

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 25 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, employment related disputes and indirect and payroll taxes. 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, for which an asset is only recognised when it is virtually certain. There are no individually significant provisions included within the other category.

// NOTES *continued*

20 Deferred tax

	2024 Asset £m	2024 Liability £m	2024 Net £m	2023 Asset £m	2023 Liability £m	2023 Net £m
Property, plant and equipment	0.2	(15.6)	(15.4)	0.5	(11.5)	(11.0)
Defined benefit pension schemes	4.3	(8.8)	(4.5)	5.4	(16.4)	(11.0)
Goodwill, customer and supplier relationships, brands and technology	9.7	(304.2)	(294.5)	6.9	(232.5)	(225.6)
Share based payments	14.5	–	14.5	15.1	–	15.1
Leases	8.7	(0.3)	8.4	7.8	(0.2)	7.6
Provisions and accruals	48.2	(5.1)	43.1	51.6	(4.2)	47.4
Inventories	12.0	(23.5)	(11.5)	13.6	(21.8)	(8.2)
Other	14.9	(4.2)	10.7	14.7	(4.9)	9.8
Deferred tax asset/(liability)	112.5	(361.7)	(249.2)	115.6	(291.5)	(175.9)
Set-off of tax	(98.4)	98.4	–	(101.4)	101.4	–
Net deferred tax asset/(liability)	14.1	(263.3)	(249.2)	14.2	(190.1)	(175.9)

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 (2023: £1.4m) 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 £10.9m (2023: £11.9m).

No deferred tax has been recognised in respect of unutilised capital losses of £86.9m (2023: £86.9m) 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:

	2024 £m	2023 £m
Beginning of year	175.9	188.7
Acquisitions	99.8	20.3
Disposal of businesses	(1.6)	–
Credit to income statement	(16.3)	(19.7)
Recognised in other comprehensive income and equity	(4.4)	(1.2)
Reclassified (to)/from current tax	–	(4.1)
Currency translation	(4.2)	(8.1)
End of year	249.2	175.9

21 Share capital and share based payments

	2024 £m	2023 £m
Issued and fully paid ordinary shares of 32¹⁄₇p each	106.4	108.6

Number of ordinary shares in issue and fully paid	2024	2023
Beginning of year	338,021,077	337,667,846
Issued – option exercises	378,873	353,231
Own shares purchased for cancellation	(7,223,430)	–
End of year	331,176,520	338,021,077

Own shares purchased for cancellation

During 2024 the Company repurchased and cancelled 7,223,430 ordinary shares, with an aggregate nominal value of £2.3m, for a total consideration of £251.2m, including transaction costs of £0.2m and stamp duty of £1.0m, of which £247.9m had been paid during the year. The repurchased shares represent approximately 2% of ordinary share capital in issue as at 31 December 2024.

Own shares purchased for cancellation of £301.2m, as shown in the consolidated statement of changes in equity, includes the £251.2m total consideration for shares repurchased and cancelled during the year and a further £50.0m accrual for share purchases committed to as at 31 December 2024. Of the £50.0m accrual, 1,485,587 ordinary shares were repurchased and cancelled between the end of the reporting period and 3 March 2025, for a total cost of £50.0m. The number of shares in issue is reduced when shares are repurchased and cancelled.

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 LTIP and the Deferred Annual Share Bonus Scheme ('DASBS') over market purchase shares. Details of these plans are set out below 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 2024 the trust held 1,921,706 (2023: 2,223,988) shares, upon which dividends have been waived, with an aggregate nominal value of £0.6m (2023: £0.7m) and market value of £63.3m (2023: £70.9m).

Shares based payments

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.

// NOTES *continued*

21 Share capital and share based payments continued

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 (2023: £500) per month (or the equivalent value in other currencies under the Bunzl plc International Sharesave Plan) or €500 per month under the Bunzl Irish Sharesave Plan (the last grant under the Bunzl Irish Sharesave Plan was in 2021).

Long Term Incentive Plan 2014 ('2014 LTIP') and 2024 ('2024 LTIP')

The 2014 LTIP was approved by shareholders at the 2014 AGM and expired in April 2024. No further share options or performance share awards have been granted under the 2014 LTIP since that date. The 2024 LTIP was approved by shareholders at the 2024 AGM and replaced the 2014 LTIP. The operation of the LTIP is overseen by the Remuneration Committee of the Board and is divided into two parts, being Part A and Part B.

Part A of the 2024 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 meeting certain specified targets.

Part B of the 2024 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 share 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 meeting certain specified targets. 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.

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:

	2024	2023
Grant date	01.03.24-11.09.24	01.03.23–13.09.23
Share price at grant date (£)	29.46-36.14	28.04–30.60
Exercise price (£)	nil-36.38	nil–28.05
Number of options granted during the year (shares)	2,062,611	2,329,854
Vesting period (years)	3.0-5.0	3.0–5.0
Expected volatility (%)	18-20	19–21
Option life (years)	3.0-10.0	3.0–10.0
Expected life (years)	3.0-6.5	3.0–6.5
Risk free rate of return (%)	3.6-4.4	3.1–3.6
Expected dividends expressed as a dividend yield (%)	0.0-2.3	0.0–2.1
Fair value per option (£)	5.09-24.41	6.08–25.28

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 £33.47 (2023: £30.45). The total charge for the year relating to share based payments was £17.2m (2023: £15.4m). After tax the total charge was £14.0m (2023: £11.7m).

Details of share options and awards which have been granted and exercised, those which have lapsed during 2024 and those outstanding and available to exercise at 31 December 2024, whether over new issue or market purchase shares, or cash-settled, under the Sharesave Scheme, International Sharesave Plan, Irish Sharesave Plan, the 2014 LTIP Part A and Part B and 2024 LTIP Part A and Part B, are set out in the following table:

	Options outstanding at 01.01.24	Grants/awards† 2024		Exercises 2024		Lapses* 2024	Options outstanding at 31.12.24		Options available to exercise at 31.12.24
	Number	Number	Price (£)	Number	Price(£)	Number	Number	Price (£)	Number
Sharesave Scheme	557,498	270,320	24.53	198,134	17.81-24.53	52,849	576,835	15.28-24.53	1,102
International Sharesave Plan	234,571	110,849	24.53	86,122	17.81-24.53	28,266	231,032	22.56-24.53	3,152
Irish Sharesave Plan	11,599	–	–	10,731	17.81	868	–	–	–
2014 LTIP Part A	8,813,165	–	–	2,375,032	16.38-28.97	137,949	6,300,184	16.87-28.97	3,194,043
2024 LTIP Part A	–	1,391,123	36.38	–	–	7,581	1,383,542	36.38	–
2014 LTIP Part B	1,088,163	257,633	–	253,428	–	13,126	1,079,242	–	199,592
2024 LTIP Part B	–	32,686	–	–	–	–	32,686	–	–
	10,704,996	2,062,611		2,923,447		240,639	9,603,521		3,397,889

† Share option grants/awards also include the dividend equivalent shares accrued in relation to the vested LTIP B Restricted Share Awards ('RSAs').
* Share option lapses relate to those which have either been forfeited or have expired during the year.

// NOTES *continued*

21 Share capital and share based payments continued

For the options outstanding at 31 December 2024, the weighted average fair values and the weighted average remaining contractual lives (being the time period from 31 December 2024 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	7.46	2.28
International Sharesave Plan	7.73	2.07
Irish Sharesave Plan	–	–
2014 LTIP Part A	4.26	6.36
2014 LTIP Part B	23.96	4.00
2024 LTIP Part A	7.61	9.70
2024 LTIP Part B	25.96	5.32

The outstanding share options and performance share awards are exercisable at various dates up to September 2034.

22 Dividends

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

	2024 £m	2023 £m
2022 interim		57.9
2022 final		151.8
2023 interim	61.0	
2023 final	167.6	
Total	228.6	209.7

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

	Per share	
	2024	2023
Interim	20.1p	18.2p
Final	53.8p	50.1p
Total	73.9p	68.3p

The 2024 interim dividend of 20.1p per share was paid on 3 January 2025 and comprised £66.7m of cash. The 2024 final dividend of 53.8p per share will be paid on 2 July 2025 to shareholders on the register at the close of business on 23 May 2025. The 2024 final dividend will comprise approximately £177m of cash.

23 Bank guarantees

	2024 £m	2023 £m
Bank guarantees	4.5	2.0

24 Directors' ordinary share interests

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

	2024	2023
Peter Ventress	2,608	2,608
Frank van Zanten	269,899	225,612
Richard Howes	89,384	76,333
Pam Kirby	1,800	1,800
Lloyd Pitchford	4,000	4,000
Stephan Nanninga	10,000	–
Vin Murria	–	–
Jacky Simmonds	1,445	–
Daniela Barone Soares	519	–
Julia Wilson	1,302	–
Vanda Murray*	N/A	3,000
	380,957	313,353

* Vanda Murray retired as a director on 24 April 2024.

Details of the directors' options and awards over ordinary shares made under the 2024 LTIP, Sharesave Scheme, International Sharesave plan 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 2024 and 3 March 2025, that were notifiable under article 19 of the Market Abuse Regulation.

// NOTES *continued*

25 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 mid 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 and during the year was closed to further accrual in May 2024 before the trustee entered into a bulk annuity buy-in transaction in December 2024 that insured the vast majority of the benefit obligations. The value of the annuity policy is equal to the value of the IAS 19 liability less GMP equalisation liabilities estimated as approximately £2m. The valuation of the UK defined benefit pension scheme has been updated to 31 December 2024 by the Group's actuaries.

The purchase price for the buy-in contract based on conditions as at 10 December 2024 was £253m. There was a reduction in the pension fund surplus following the transaction because the IAS 19 liability for the insured benefits was estimated to be less than the purchase price. The difference between the amount paid and the corresponding IAS 19 liabilities has been recognised as an actuarial loss within return on plan assets in 2024.

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 last full triennial valuation on the UK defined benefit pension scheme was carried out by a qualified actuary as at 5 April 2024 and showed that there was a surplus on the agreed funding basis.

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 2024 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 2024 and showed that there was a required annual contribution of $3.9m. Bunzl plans to cover this required contribution using a prefunding balance. In comparison, in the 2023 plan year, Bunzl also used a prefunding balance to cover the required contribution of $4.5m. The annual review as at 1 January 2025 is ongoing.

Risks

Following the buy-in for the UK defined benefit pension scheme in December 2024 the risk of material change has been substantially mitigated. In June 2023, the High Court handed down a decision (Virgin Media Limited v NTL Pension Trustees II Limited and others) which potentially has implications for the validity of amendments made by pension schemes which were contracted-out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016. The High Court ruled that any amendments made to these pension schemes during the relevant period would be void unless the scheme actuary had confirmed that the pension scheme would continue to satisfy the statutory standard for contracted-out schemes. On 25 July 2024, the Court of Appeal upheld the original decision. The Trustees have initiated an investigation of scheme amendments to decide whether any subsequent actions or amendments to scheme liabilities are required. The Group has not made any allowance for the possible impact of the ruling as it is currently unclear whether any additional liabilities might arise, and if they were to arise, how they would be reliably measured. The Group will continue to monitor developments.

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

- Interest rate risk – a fall in bond yields will increase the value of the scheme's liabilities. A proportion of both the US scheme's 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.
- 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.

The risks mentioned above could lead to a material change to the deficit or surplus of the pension scheme. 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.

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.

// NOTES *continued*

25 Retirement benefits continued

Financial information

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

Amounts included in the income statement	2024 £m	2023 £m
Defined contribution pension schemes	**31.8**	28.9
Defined benefit pension schemes		
current service cost (net of contributions by employees)	**2.3**	3.4
Total included in employee costs excluding non-recurring pension scheme credits	**34.1**	32.3
Defined benefit pension schemes		
past service cost included in non-recurring pension scheme credits	**(3.2)**	–
Total included in employee costs	**30.9**	32.3
Amounts included in finance (income)/expense		
Net interest income on defined benefit pension schemes in surplus	**(3.1)**	(3.2)
Net interest expense on defined benefit pension schemes in deficit	**0.7**	1.0
Total charge to the income statement	**28.5**	30.1

Amounts recognised in the statement of comprehensive income	2024 £m	2023 £m
Actual return less expected return on pension scheme assets	**(74.2)**	5.2
Experience gain/(loss) on pension scheme liabilities	**7.9**	(2.2)
Impact of changes in financial assumptions relating to the present value of pension scheme liabilities	**25.5**	(7.7)
Impact of changes in demographic assumptions relating to the present value of pension scheme liabilities	**5.7**	7.6
Actuarial (loss)/gain on defined benefit pension schemes	**(35.1)**	2.9

The cumulative amount of net actuarial losses arising since 1 January 2004 recognised in the statement of comprehensive income at 31 December 2024 was £67.2m (2023: £32.1m).

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

UK	2024	2023
Longevity at age 65 for current pensioners (years)	**21.4**	21.6
Longevity at age 65 for future pensioners (years)	**22.3**	22.8
US		
Longevity at age 65 for current and future pensioners (years)	**21.6**	21.6

	UK			US		
	2024	2023	2022	2024	2023	2022
Rate of increase in salaries	**–**	3.5%	3.6%	**3.0%**	3.0%	3.0%
Rate of increase in pensions	**–**	2.7%	2.7%	**–**	–	–
Discount rate	**5.6%**	4.8%	5.0%	**5.4%**	4.8%	5.0%
Inflation rate	**2.8%**	2.7%	2.7%	**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.

The increase/(decrease) that would arise on the overall net pension surplus as at 31 December 2024 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	**(6.7)**	**6.1**	**(2.7)**	**2.6**	**6.2**	**(6.7)**
US	**(2.1)**	**2.3**	**–**	**–**	**1.6**	**(1.6)**

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

2024	UK £m	US £m	Other £m	Total £m
Equities	**–**	**16.3**	**1.7**	**18.0**
Bonds	**–**	**54.0**	**9.5**	**63.5**
Assets held by insurance company	**211.6**	**–**	**–**	**211.6**
Other	**36.8**	**11.4**	**6.5**	**54.7**
Total market value of pension scheme assets	**248.4**	**81.7**	**17.7**	**347.8**
Present value of funded obligations	**(213.8)**	**(79.8)**	**(17.2)**	**(310.8)**
Present value of unfunded obligations	**–**	**(8.3)**	**(8.9)**	**(17.2)**
Present value of funded and unfunded obligations	**(213.8)**	**(88.1)**	**(26.1)**	**(328.0)**
Defined benefit pension schemes in deficit	**–**	**(6.4)**	**(9.6)**	**(16.0)**
Defined benefit pension schemes in surplus	**34.6**	**–**	**1.2**	**35.8**
Total surplus/(deficit) before tax	**34.6**	**(6.4)**	**(8.4)**	**19.8**
Deferred tax	**(8.7)**	**1.7**	**2.5**	**(4.5)**
Total surplus/(deficit) after tax	**25.9**	**(4.7)**	**(5.9)**	**15.3**

// NOTES *continued*

25 Retirement benefits continued

Financial information continued

2023	UK £m	US £m	Other £m	Total £m
Equities	–	25.1	1.4	26.5
Bonds	316.0	47.0	10.4	373.4
Other	0.3	15.0	9.7	25.0
Total market value of pension scheme assets	316.3	87.1	21.5	424.9
Present value of funded obligations	(251.0)	(84.8)	(21.4)	(357.2)
Present value of unfunded obligations	–	(9.3)	(9.0)	(18.3)
Present value of funded and unfunded obligations	(251.0)	(94.1)	(30.4)	(375.5)
Defined benefit pension schemes in deficit	–	(9.3)	(10.3)	(19.6)
Defined benefit pension schemes in surplus	65.3	2.3	1.4	69.0
Total surplus/(deficit) before tax	65.3	(7.0)	(8.9)	49.4
Deferred tax	(16.3)	2.5	2.8	(11.0)
Total surplus/(deficit) after tax	49.0	(4.5)	(6.1)	38.4

There is a net surplus of £34.6m (£25.9m after deferred tax) (2023: £65.3m (£49.0m after deferred tax)) on the UK scheme, which is recorded 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, £118.3m (2023: £400.1m) are valued based on quoted market prices.

Movement in net surplus/(deficit)	2024 £m	2023 £m
Beginning of year	**49.4**	39.9
Disposal of businesses	**0.6**	–
Current service cost	**(2.3)**	(3.4)
Past service credit	**3.2**	–
Contributions	**1.2**	6.9
Net interest income	**2.4**	2.2
Actuarial (loss)/gain	**(35.1)**	2.9
Currency translation	**0.4**	0.9
End of year	**19.8**	49.4

Changes in the present value of defined benefit pension scheme liabilities	2024 £m	2023 £m
Beginning of year	**375.5**	381.6
Disposal of businesses	**(2.3)**	–
Current service cost	**2.3**	3.4
Past service credit	**(3.2)**	–
Interest expense	**17.3**	17.9
Contributions by employees	**0.2**	0.5
Actuarial (gain)/loss	**(39.1)**	2.3
Benefits paid	**(22.5)**	(23.7)
Currency translation	**(0.2)**	(6.5)
End of year	**328.0**	375.5

Changes in the fair value of defined benefit pension scheme assets	2024 £m	2023 £m
Beginning of year	**424.9**	421.5
Disposal of businesses	**(1.7)**	–
Interest income	**19.7**	20.1
Actuarial (loss)/gain	**(74.2)**	5.2
Contributions by employer	**1.2**	6.9
Contributions by employees	**0.2**	0.5
Benefits paid	**(22.5)**	(23.7)
Currency translation	**0.2**	(5.6)
End of year	**347.8**	424.9

The actual return on pension scheme assets was a loss of £54.5m (2023: gain of £25.3m).

The Group expects to pay approximately £1.2m in contributions to the defined benefit pension schemes in the year ending 31 December 2025 (expected as at 31 December 2023 for the year ending 31 December 2024: £1.3m) including none for the UK (expected as at 31 December 2023 for the year ending 31 December 2024: none).

The weighted average duration of the defined benefit pension scheme liabilities at 31 December 2024 was approximately 13.0 years (2023: 14.0 years) for the UK and 7.6 years (2023: 8.2 years) for the US.

The total defined benefit pension scheme liabilities are divided between active members (£41.3m (2023: £96.5m)), deferred members (£146.0m (2023: £142.7m)) and pensioners (£140.7m (2023: £136.3m)).

// NOTES *continued*

25 Retirement benefits continued

Multi-employer pension plans

The Group participates in a number of 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.

In 2024, the Group paid a lump sum of £0.7m towards the settlement of the liabilities for one of these plans.

The Group continues to participate in three MEPPs and continues to account for these as defined contribution plans with the combined ongoing annual contributions for the three plans in 2025 expected to be no more than £2.0m per annum.

26 Directors and employees

Number of employees	Closing 2024	Closing 2023	Average 2024	Average 2023
North America	**8,780**	8,724	**8,817**	8,712
Continental Europe	**6,472**	6,252	**6,393**	6,032
UK & Ireland	**5,968**	4,006	**5,014**	3,995
Rest of the World	**5,682**	5,462	**5,456**	4,255
	26,902	24,444	**25,680**	22,994
Corporate	**76**	84	**76**	78
	26,978	24,528	**25,756**	23,072

Employee costs	2024 £m	2023 £m
Wages and salaries	**1,052.2**	991.8
Social security costs	**114.7**	110.3
Pension costs	**34.1**	32.3
Share based payments	**17.2**	15.4
	1,218.2	1,149.8
Non-recurring pension scheme credit	**(3.2)**	–
	1,215.0	1,149.8

In addition to the above, acquisition related items for the year ended 31 December 2024 include deferred consideration of £45.5m (2023: £37.3m) relating to the retention of former owners of businesses acquired.

Key management remuneration	2024 £m	2023 £m
Salaries and short term employee benefits	**9.0**	8.9
Share based payments	**3.5**	3.2
Retirement benefits	**0.6**	0.6
	13.1	12.7

The Group revised its definition of key management personnel during the year and, for the purposes of IAS 24 'Related Party Disclosures', now considers it to be the directors of the Company and other members of the Leadership team as disclosed on page 15. The comparatives for the prior year have been restated on this basis from total key management remuneration of £10.9m to £12.7m.

Directors' emoluments	2024 £m	2023 £m
Non-executive directors	**0.9**	0.9
Executive directors:		
remuneration excluding performance related elements	**2.0**	1.9
annual bonus	**1.4**	1.3
	4.3	4.1

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 (2023: £0.8m). The aggregate market value of performance share awards exercised by directors under long term incentive schemes during the year was £1.5m (2023: £2.9m). The aggregate market value of share awards exercised by directors under the DASBS was £1.9m (2023: £1.1m).

// NOTES *continued*

27 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. Details of the Group's right-of-use assets recognised under these lease agreements are shown in Note 12.

Movement in lease liabilities

	2024 £m	2023 £m
Beginning of year	664.5	569.9
Acquisitions (Note 9)	73.7	16.2
Disposal of businesses (Note 10)	(0.4)	–
Transferred to liabilities held for sale	(1.6)	–
New leases	161.3	136.7
Interest charge in the year	38.5	28.6
Payment of lease liabilities	(216.7)	(188.0)
Remeasurement adjustments	50.4	122.1
Currency translation	(15.6)	(21.0)
End of year	754.1	664.5
Ageing of lease liabilities:		
Current lease liabilities	180.4	152.1
Non-current lease liabilities	573.7	512.4
End of year	754.1	664.5

As at 31 December 2024, the Group had £1.1m (2023: £11.9m) 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 2024. In relation to leases which are included in lease liabilities, there are potential further future cash flows of £52.8m (2023: £67.8m) if termination options are not exercised and extension options are exercised.

The cash outflow for low value and short term leases was £5.0m for the year ended 31 December 2024 (2023: £4.6m).

28 Cash, cash equivalents and overdrafts and net debt

	2024 £m	2023 £m
Cash at bank and in hand	1,369.1	1,377.1
Money market funds	63.8	49.0
Cash and cash equivalents	1,432.9	1,426.1
Bank overdrafts	(987.9)	(874.2)
Cash, cash equivalents and overdrafts	445.0	551.9
Interest bearing loans and borrowings – current liabilities	(619.2)	(130.0)
Interest bearing loans and borrowings – non-current liabilities	(1,361.7)	(1,417.1)
Derivatives managing the interest rate risk and currency profile of the debt	(75.5)	(90.3)
Net debt excluding lease liabilities	(1,611.4)	(1,085.5)
Lease liabilities (Note 27)	(754.1)	(664.5)
Net debt including lease liabilities	(2,365.5)	(1,750.0)

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. The cash at bank and in hand and bank overdrafts figures net of the amounts in the cash pool are disclosed below for reference:

	2024 £m	2023 £m
Cash at bank and in hand net of amounts in the cash pool	406.9	520.8
Money market funds	63.8	49.0
Bank overdrafts net of amounts in the cash pool	(25.7)	(17.9)
Cash, cash equivalents and overdrafts	445.0	551.9

// NOTES *continued*

29 Movement in net debt

2024	Cash, cash equivalents and overdrafts £m	Interest bearing loans and borrowings £m	Derivatives £m	Net debt £m
Beginning of year excluding lease liabilities	551.9	(1,547.1)	(90.3)	(1,085.5)
Cash flow excluding movements in other components of net debt	(405.7)	–	–	(405.7)
Interest paid excluding interest on lease liabilities	(126.6)	–	–	(126.6)
Increase in borrowings	561.7	(561.7)	–	–
Repayment of borrowings	(132.9)	132.9	–	–
Receipts on settlement of foreign exchange contracts	24.2	–	(24.2)	–
Net cash outflow	(79.3)	(428.8)	(24.2)	(532.3)
Non-cash movement in debt	–	6.5	(4.2)	2.3
Loans and borrowings recognised on acquisition	–	(6.3)	–	(6.3)
Realised gain on foreign exchange contracts	–	–	24.2	24.2
Currency translation	(27.6)	(5.2)	19.0	(13.8)
End of year excluding lease liabilities	445.0	(1,980.9)	(75.5)	(1,611.4)
Lease liabilities (Note 27)	–	(754.1)	–	(754.1)
End of year including lease liabilities	445.0	(2,735.0)	(75.5)	(2,365.5)

2023	Cash, cash equivalents and overdrafts £m	Interest bearing loans and borrowings £m	Derivatives £m	Net debt £m
Beginning of year excluding lease liabilities	678.1	(1,735.0)	(103.2)	(1,160.1)
Cash flow excluding movements in other components of net debt	143.1	–	–	143.1
Interest paid excluding interest on lease liabilities	(107.6)	–	–	(107.6)
Repayment of borrowings	(159.5)	159.5	–	–
Receipts on settlement of foreign exchange contracts	21.6	–	(21.6)	–
Net cash (outflow)/inflow	(102.4)	159.5	(21.6)	35.5
Non-cash movement in debt	–	(20.8)	21.5	0.7
Realised gain on foreign exchange contracts	–	–	21.6	21.6
Currency translation	(23.8)	49.2	(8.6)	16.8
End of year excluding lease liabilities	551.9	(1,547.1)	(90.3)	(1,085.5)
Lease liabilities (Note 27)	–	(664.5)	–	(664.5)
End of year including lease liabilities	551.9	(2,211.6)	(90.3)	(1,750.0)

30 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	2024 £m	2023 £m
Depreciation of right-of-use assets	186.1	166.1
Other depreciation and software amortisation	49.7	41.1
	235.8	207.2

Other non-cash items	2024 £m	2023 £m
Share based payments	17.2	15.4
Provisions	0.6	(13.1)
Retirement benefit obligations	1.1	(3.5)
Hyperinflation accounting adjustments	6.0	2.1
Other	(6.3)	5.6
	18.6	6.5

Working capital movement	2024 £m	2023 £m
(Increase)/decrease in inventories	(94.3)	108.1
Decrease/(increase) in trade and other receivables	0.7	(9.9)
Decrease in trade and other payables	(3.5)	(126.6)
	(97.1)	(28.4)

31 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 25 and Note 26, respectively. All transactions with subsidiaries are eliminated on consolidation.

// COMPANY BALANCE SHEET
at 31 December 2024

	Notes	2024 £m	2023 £m
Assets			
Property, plant and equipment	3	**0.4**	0.5
Right-of-use assets	4	**2.3**	2.9
Intangible assets	3	**0.7**	0.9
Investments	5	**765.1**	752.9
Defined benefit pension asset	11	**34.6**	65.3
Total non-current assets		**803.1**	822.5
Trade and other receivables	7	**1,431.1**	1,309.0
Cash at bank and in hand		**31.6**	13.1
Total current assets		**1,462.7**	1,322.1
Total assets		**2,265.8**	2,144.6
Liabilities			
Provisions	9	**(0.9)**	(0.9)
Lease liabilities	10	**(1.7)**	(2.4)
Deferred tax liability	6	**(4.5)**	(12.5)
Total non-current liabilities		**(7.1)**	(15.8)
Trade and other payables	8	**(161.1)**	(104.7)
Lease liabilities	10	**(0.7)**	(0.7)
Total current liabilities		**(161.8)**	(105.4)
Total liabilities		**(168.9)**	(121.2)
Net assets		**2,096.9**	2,023.4
Capital and reserves			
Share capital	12	**106.4**	108.6
Share premium		**212.1**	205.2
Other reserves		**5.6**	5.6
Capital redemption reserve	13	**18.4**	16.1
Profit and loss account†	13	**1,754.4**	1,687.9
Total shareholders' funds		**2,096.9**	2,023.4

The financial statements on pages 182 to 187 were approved by the Board of Directors of Bunzl plc (Company registration number 358948) on 3 March 2025 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 184 to 187 form part of these financial statements.

† Profit and loss account includes a net profit after tax for the year of £622.8m (2023: £91.9m). 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 2024

	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 2024	**108.6**	**205.2**	**5.6**	**16.1**	**(70.9)**	**1,758.8**	**2,023.4**
Profit for the year						**622.8**	**622.8**
Other comprehensive income/(expense)							
Actuarial loss on defined benefit pension scheme						**(36.7)**	**(36.7)**
Income tax credit on other comprehensive expense						**9.2**	**9.2**
Total comprehensive income						**595.3**	**595.3**
2023 interim dividend						**(61.0)**	**(61.0)**
2023 final dividend						**(167.6)**	**(167.6)**
Issue of share capital	**0.1**	**6.9**					**7.0**
Own shares purchased for cancellation						**(301.2)**	**(301.2)**
Own shares cancelled	**(2.3)**			**2.3**			**–**
Employee trust shares					**(16.6)**		**(16.6)**
Movement on own share reserves					**24.2**	**(24.2)**	**–**
Share based payments (net of tax)						**17.6**	**17.6**
At 31 December 2024	**106.4**	**212.1**	**5.6**	**18.4**	**(63.3)**	**1,817.7**	**2,096.9**

	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 2023	108.5	199.4	5.6	16.1	(63.4)	1,880.2	2,146.4
Profit for the year						91.9	91.9
Other comprehensive income/(expense)							
Actuarial loss on defined benefit pension scheme						(1.8)	(1.8)
Income tax credit on other comprehensive expense						0.5	0.5
Total comprehensive income						90.6	90.6
2022 interim dividend						(57.9)	(57.9)
2022 final dividend						(151.8)	(151.8)
Issue of share capital	0.1	5.8					5.9
Employee trust shares					(25.2)		(25.2)
Movement on own share reserves					17.7	(17.7)	–
Share based payments (net of tax)						15.4	15.4
At 31 December 2023	108.6	205.2	5.6	16.1	(70.9)	1,758.8	2,023.4

// NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Basis of preparation

Bunzl plc (the 'Company') is a company incorporated and domiciled in the United Kingdom and is registered in England and Wales. 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. The Company balance sheet has been presented using the format as prescribed in IAS 1. There are no new standards, amendments or interpretations that are applicable to the Company for the year ended 31 December 2024. 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 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 property, plant and equipment, leases, intangible assets, income tax, trade and other payables, provisions, retirement benefits, investment in own shares and dividends. 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 2024 are disclosed in the Related undertakings Note in the Shareholder information section on pages 195 to 200.

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 21 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

The Company has issued financial guarantee contracts to guarantee the indebtedness of other companies within its Group. The likelihood of these financial guarantee contracts being called is considered to be remote and therefore the estimated financial effect of issuing is nil (2023: nil). The fair value of the issued financial guarantee contracts is deemed to be immaterial.

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 (2023: 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 2024, 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 2y to the consolidated financial statements.

// NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

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 of year	0.5	1.8	2.3	2.4
Additions	–	–	–	0.2
End of year	0.5	1.8	2.3	2.6
Accumulated depreciation and amortisation				
Beginning of year	0.2	1.6	1.8	1.5
Charge in year	–	0.1	0.1	0.4
End of year	0.2	1.7	1.9	1.9
Net book value at 31 December 2024	0.3	0.1	0.4	0.7
Net book value at 31 December 2023	0.3	0.2	0.5	0.9

4 Right-of-use assets: Property

Net book value	2024 £m	2023 £m
Beginning of year	2.9	3.6
Depreciation charge in the year	(0.6)	(0.7)
End of year	2.3	2.9

5 Investments

Investments in subsidiary undertakings	2024 £m	2023 £m
Cost		
Beginning of year	756.2	744.3
Additions	12.2	11.9
End of year	768.4	756.2
Impairment provisions		
Beginning and end of year	3.3	3.3
Net book value at 31 December	765.1	752.9

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
At 31 December 2022/1 January 2023	(14.8)	3.4	0.2	(11.2)
Recognised in profit or loss	(2.0)	–	0.2	(1.8)
Recognised in other comprehensive income or directly in equity	0.5	–	–	0.5
At 31 December 2023/1 January 2024	(16.3)	3.4	0.4	(12.5)
Recognised in profit or loss	(1.6)	–	–	(1.6)
Recognised in other comprehensive income or directly in equity	9.2	0.4	–	9.6
At 31 December 2024	(8.7)	3.8	0.4	(4.5)

No deferred tax asset has been recognised in respect of unutilised capital losses of £60.7m (2023: £60.7m).

7 Trade and other receivables

	2024 £m	2023 £m
Amounts owed by Group undertakings	1,426.1	1,302.0
Prepayments and other debtors	5.0	7.0
	1,431.1	1,309.0

Amounts owed by Group undertakings falling due within one year are interest bearing, unsecured and repayable on demand with no fixed date of repayment. Interest rates are linked to the Bank of England Base Rate. The amounts owed by Group undertakings are classified as a current asset as the Company expects to realise the asset in its normal operating cycle.

8 Trade and other payables

	2024 £m	2023 £m
Trade payables	3.5	0.9
Amounts owed to Group undertakings	82.2	82.2
Other tax and social security contributions	0.4	0.5
Income tax payable	4.0	3.8
Accruals	71.0	17.3
	161.1	104.7

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

// NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

9 Provisions

	2024 £m	2023 £m
Beginning and End of year	**0.9**	0.9

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

10 Lease liabilities

	2024 £m	2023 £m
Beginning of year	**(3.1)**	(3.8)
Interest charge in the year	**(0.1)**	(0.1)
Payments of lease liabilities	**0.8**	0.8
End of year	**(2.4)**	(3.1)
Ageing of lease liabilities:		
Current lease liabilities	**(0.7)**	(0.7)
Non-current lease liabilities	**(1.7)**	(2.4)
End of year	**(2.4)**	(3.1)

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 25 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	2024 £m	2023 £m
Current service cost (net of contributions by employees)	**0.3**	0.7
Past service credit	**(3.2)**	–
Net interest income	**(3.1)**	(3.1)
Contributions paid by participating subsidiaries linked to service	**–**	(0.3)
Total credit to profit for the year	**(6.0)**	(2.7)

Amounts recognised in other comprehensive income	2024 £m	2023 £m
Actual return less expected return on pension scheme assets	**(71.0)**	0.4
Experience loss on pension scheme liabilities	**8.0**	(0.7)
Impact of changes in assumptions relating to the present value of pension scheme liabilities	**26.3**	(1.5)
Actuarial loss on defined benefit pension scheme	**(36.7)**	(1.8)
Total charge to other comprehensive income	**(36.7)**	(1.8)

Movement in defined benefit pension scheme surplus	2024 £m	2023 £m
Beginning of year	**65.3**	59.3
Current service cost	**(0.3)**	(0.7)
Past service credit	**3.2**	–
Contributions	**–**	5.4
Net interest income	**3.1**	3.1
Actuarial loss	**(36.7)**	(1.8)
End of year	**34.6**	65.3

Changes in the present value of defined benefit pension scheme liabilities	2024 £m	2023 £m
Beginning of year	**251.0**	247.0
Current service cost	**0.3**	0.7
Past service credit	**(3.2)**	–
Interest expense	**12.1**	12.1
Contributions by employees	**0.2**	0.4
Actuarial (gain)/loss	**(34.3)**	2.2
Benefits paid	**(12.3)**	(11.4)
End of year	**213.8**	251.0

Changes in the fair value of defined benefit pension scheme assets	2024 £m	2023 £m
Beginning of year	**316.3**	306.3
Interest income	**15.2**	15.2
Actuarial (loss)/gain	**(71.0)**	0.4
Contributions by the Company	**–**	5.1
Contributions by participating subsidiaries	**–**	0.3
Contributions by employees	**0.2**	0.4
Benefits paid	**(12.3)**	(11.4)
End of year	**248.4**	316.3

The actual return on pension scheme assets was a loss of £55.8m (2023: gain of £15.6m). The market value of scheme assets and the present value of retirement benefit obligations at 31 December are detailed in Note 25 to the consolidated financial statements. The total defined benefit pension liability is divided between active members (£nil (2023: £45.6m)), deferred members (£101.7m (2023: £98.4m)) and pensioners (£112.1m (2023: £107.0m)).

// NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

12 Share capital

	2024 £m	2023 £m
Issued and fully paid ordinary shares of 32⁴⁄₇p each	**106.4**	108.6

Number of ordinary shares in issue and fully paid	2024	2023
Beginning of year	**338,021,077**	337,667,846
Cancelled	**(7,223,430)**	–
Issued – option exercises	**378,873**	353,231
End of year	**331,176,520**	338,021,077

13 Reserves

The capital redemption reserve of £18.4m (2023: £16.1m) as presented in the statement of changes in equity records the aggregate nominal value of ordinary and treasury shares that have been cancelled.

The own shares reserve of £63.3m (2023: £70.9m) within the profit and loss reserve, 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 21 to the consolidated financial statements.

The dividends paid and declared in the current and prior year are detailed in Note 22 to the consolidated financial statements.

14 Financial guarantees

Borrowings by subsidiary undertakings totalling £2,049.0m (2023: £1,614.4m) 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 71 (2023: 66) and the aggregate employee costs relating to these persons were:

	2024 £m	2023 £m
Wages and salaries	**13.8**	12.5
Social security costs	**1.8**	1.6
Share based payments	**1.7**	1.6
Pension costs	**1.1**	0.9
	18.4	16.6

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 21 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 25 and Note 26 to the consolidated financial statements and the Related undertakings note in the Shareholder information section on pages 195 to 200.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE **ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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').

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 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 issued by 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 Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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.

Directors' confirmations

Each of the directors, whose names and functions are listed in Directors' 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 issued by 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 Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Frank van Zanten
Chief Executive Officer

Richard Howes
Chief Financial Officer

3 March 2025

// 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 2024 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 as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 balance sheet and the Company balance sheet as at 31 December 2024; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement, the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the Group 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 or other procedures over the financial information of 49 components spread across 7 countries in North America, Continental Europe, UK & Ireland and the Rest of the World. • Specific audit procedures in relation to various Group activities, including consolidation, taxation, pensions, business combinations and assessing the carrying value of goodwill and intangible assets, were performed by the Group audit team centrally. • The components where we conducted audit procedures, together with work performed by the Group audit team centrally, accounted for approximately 83% (2023: 95%) of the Group's revenue. This coverage includes 100% of the revenue in the consolidated reporting packs that we receive opinions on for Bunzl North America, Australia and four of the components in Brazil. If we were to 'look through' these sub-consolidations to determine which individual businesses are tested by the local audit teams, the effective coverage attained equates to approximately 66% of Group revenue.
Key audit matters	• Valuation of intangible assets acquired in a business combination (Group) • Valuation of defined benefit schemes' obligations (Group and parent)
Materiality	• Overall Group materiality: £43.0 million (2023: £42.0 million) based on 5% of adjusted profit before tax. • Overall Company materiality: £22.0 million (2023: £20.0 million) based on 1% of total assets (2023: 1% of net assets). • Performance materiality: £32.0 million (2023: £31.5 million) (Group) and £16.5 million (2023: £15.0 million) (Company).

// INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC *continued*

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.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of intangible assets acquired in a business combination (Group)	
Refer to the Audit Committee report and note 2 and note 9 of the Group financial statements. The Group has recognised customer and supplier relationship assets of £284.6 million (2023: £229.5 million), brands of £83.3 million (2023: £10.6 million) and provisional goodwill of £357.8 million (2023: £130.6 million) from acquisitions in the year. £124.6 million of customer and supplier relationship assets, £78.3 million of brands and £187.5 million of provisional goodwill relate to the Nisbets acquisition. Given that the Group continues to make a significant investment in acquisitions, including the acquisition of Nisbets in the year, the valuation of intangible assets acquired in a business combinations is an area of audit focus due to the level of judgement involved in the valuation.	Management uses external valuation experts for large acquisitions to assist in the valuation of the intangible assets acquired in business combinations. Where management has relied on such experts, with the support of our own valuation experts, we assessed their objectivity and competence and tested the results of their work. For smaller acquisitions, management prepares its own valuation models or, for the Group's smallest acquisitions, relies on the historical split of the purchase price from previous acquisitions. In testing the value of the intangible assets acquired, we focused our testing on Nisbets given its magnitude but also performed limited testing on certain other acquisitions on a sample basis, in particular assessing the following areas: • We assessed the methodology and key assumptions used in determining the value of brands and customer and supplier relationship assets for the most significant acquisitions; • We determined whether the cash flows applied within the valuation models and the key assumptions, such as the discount rates, customer attrition, useful economic lives, royalty rates and the lead time on supplier relationships, were supportable; • We evaluated the consideration paid or payable in respect of certain acquisitions, which include cash and deferred and contingent consideration; and • We considered the disclosures in note 2 and note 9 of the Group financial statements. We noted no material issues from our testing.

Key audit matter	How our audit addressed the key audit matter
Valuation of defined benefit schemes' obligations (Group and parent)	
Refer to the Audit Committee report, note 2 and note 25 of the Group financial statements and note 11 of the Company financial statements The Group has defined benefit pension schemes (with material schemes in the United States and the United Kingdom) with a net surplus of £19.8 million at the current year end (2023: net surplus of £49.4 million). The gross assets and liabilities in each scheme are significant in the context of the consolidated balance sheet. The UK scheme is also significant in the context of the Company balance sheet. Management estimation is required in relation to the measurement of pension scheme obligations and management employs independent actuarial experts to assist in determining appropriate assumptions such as inflation rates, discount rates and salary increases. 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. In December 2024, the Trustees of the UK scheme executed a bulk annuity buy-in transaction to insure the vast majority of the benefit obligations of the scheme. The annuity policy's value (£211.6 million) was aligned with the IAS 19 liability, excluding GMP equalisation liabilities of approximately £2.0 million. The valuation of the UK defined benefit pension scheme was updated by the Group's actuaries as at 31 December 2024. The UK pension fund experienced a reduction in its surplus as a result of the buy-in transaction that resulted in an actuarial loss, recognised within the actual return less expected return on pension scheme assets for the current year. The valuation of defined benefit schemes' obligations is considered a key accounting matter given the quantum of the balances and the judgement involved in determining the associated actuarial assumptions.	We used our own actuarial experts to satisfy ourselves that the assumptions used in calculating the US and UK pension scheme liabilities were appropriate, comparing these assumptions 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 calculations. We reviewed the UK pension scheme buy-in contract to confirm the existence of the insurance asset and the nature of the buy-in transaction. We verified the benefits covered by the buy-in, identifying any member benefits not included, to confirm the accuracy of the carrying amount of the associated asset. We tested the buy-in asset value at year-end, ensuring it equated to the value of the associated defined benefit obligation assessed by our actuarial experts. We also traced the consideration involved in the transaction to independent confirmations and disinvestment statements and ensured the appropriate accounting treatment was adopted by management. We noted no material issues from our testing.

// INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC *continued*

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.

In response to the introduction of International Standard on Auditing 600 (Revised), 'Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)', and Bunzl's ongoing investment in its Internal Control Essentials (ICE) programme, which aims to further enhance the Group's internal control environment, we revisited our historical audit scoping approach, to ensure greater effectiveness whilst maintaining sufficient coverage. This led us to reduce our coverage in 2024 compared with 2023.

We identified one component that we considered significant due to size, being North America, and one component that we considered significant due to risk, being Nisbets, where full scope audits were performed. The Nisbets component team also supported our testing on the opening acquisition balance sheet. We identified one further material component, being Australia, where a full scope audit was also performed. In addition, full scope audits were performed across a further 41 components in Brazil, France, Spain, the Netherlands and UK&I. An audit of one or more FSLIs or specified procedures at a further 5 components in the Netherlands and UK&I was also performed.

Specific audit procedures in relation to various Group activities, including consolidation, taxation, pensions, business combinations and assessing the carrying value of goodwill and intangible assets, were performed by the Group audit team centrally.

The components where we conducted audit procedures, together with work performed by the Group audit team centrally, accounted for approximately 83% (2023: 95%) of the Group's revenue. This coverage includes 100% of the revenue in the consolidated reporting packs that we receive opinions on for Bunzl North America, Australia and four of the components in Brazil. If we were to 'look through' these sub-consolidations to determine which individual businesses are tested by the local audit teams, the effective coverage attained equates to approximately 66% of Group revenue.

Where work was performed by component auditors, detailed instructions were issued by the Group team. For in-scope components, oversight procedures included regular communication with the component teams, site visits through the 2024 audit cycle, reviewing the working papers of certain components and attending the local clearance meetings by video conference.

The impact of climate risk on our audit

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.

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 latest 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. We also 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	£43.0 million (2023: £42.0 million).	£22.0 million (2023: £20.0 million).
How we determined it	5% of adjusted profit before tax	1% of total assets (2023: 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 consider that adjusted profit before tax is the best benchmark to use.	Considering the nature of the business and the activities in Bunzl plc (which is a holding Company) we used the Company's total asset value as a basis for the calculation of the overall materiality level in the current year to be consistent with other non-trading companies across the Group.

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 between £140,000 and £36,500,000. 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% (2023: 75%) of overall materiality, amounting to £32.0 million (2023: £31.5 million) for the Group financial statements and £16.5 million (2023: £15.0 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 £2.1 million (Group audit) (2023: £2.0 million) and £1.1 million (Company audit) (2023: £2.0 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

// INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC *continued*

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 evaluated the key assumptions in the forecasts and considered whether these were supported by the evidence we obtained and evaluated the directors' downside sensitivities against these forecasts;
- We examined the headroom under the base case cash flow forecasts, as well as the directors' sensitised cases, and evaluated whether the directors' conclusion that headroom remained in all cases was supported by the evidence we obtained;
- We obtained the Group's covenant calculations and reperformed the calculations, including applying sensitivities to assess the potential impact of downside sensitivities on covenant compliance; and
- 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. 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 2024 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, included within the Strategic Report and Directors' Report, 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 and Company 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.

// INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC *continued*

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 health and safety regulations, employment laws, data protection regulations, listing and transparency rules and environmental regulations, 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 and tax legislation. 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 and any instances of fraud;
- 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 to the Group's whistleblowing helpline;
- Testing journal entries that meet certain criteria; and
- Considering accounting estimates for 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.

// INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC *continued*

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the 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 May 2014 to audit the financial statements for the year ended 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement is 11 years, covering the years ended 31 December 2014 to 31 December 2024.

Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Simon Morley (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London
3 March 2025