FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Revenue	4	**10,111.1**	9,326.7
Operating profit	4	**618.5**	528.4
Finance income	6	**10.4**	12.4
Finance expense	6	**(73.2)**	(87.5)
Profit before income tax		**555.7**	453.3
Income tax	7	**(125.7)**	(104.1)
Profit for the year attributable to the Company's equity holders		**430.0**	349.2
Earnings per share attributable to the Company's equity holders			
Basic	8	**128.8p**	104.8p
Diluted	8	**128.3p**	104.5p

Alternative performance measures†			
Operating profit	4	**618.5**	528.4
Adjusted for:			
Customer relationships and brands amortisation	4	**100.4**	107.3
Acquisition related items	4	**42.7**	17.6
Non-recurring pension scheme charges	4	**16.8**	–
Adjusted operating profit		**778.4**	653.3
Finance income	6	**10.4**	12.4
Finance expense	6	**(73.2)**	(87.5)
Adjusted profit before income tax		**715.6**	578.2
Tax on adjusted profit	7	**(165.1)**	(137.6)
Adjusted profit for the year		**550.5**	440.6
Adjusted earnings per share	8	**164.9p**	132.2p

† See Note 3 on page 158 for further details of the alternative performance measures.

The Accounting policies and other Notes on pages 150 to 192 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Profit for the year		**430.0**	349.2
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit pension schemes	22	**(16.2)**	(8.3)
Loss recognised in cash flow hedge reserve†		**(8.5)**	–
Tax on items that will not be reclassified to profit or loss	7	**4.6**	2.2
Total items that will not be reclassified to profit or loss		**(20.1)**	(6.1)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations		**(63.5)**	(104.1)
(Loss)/gain taken to equity as a result of effective net investment hedges		**(15.9)**	16.9
Loss recognised in cash flow hedge reserve†		**–**	(0.5)
Movement from cash flow hedge reserve to inventory/income statement†		**–**	(4.3)
Tax on items that may be reclassified to profit or loss	7	**0.3**	0.8
Total items that may be reclassified subsequently to profit or loss		**(79.1)**	(91.2)
Other comprehensive expense for the year		**(99.2)**	(97.3)
Total comprehensive income attributable to the Company's equity holders		**330.8**	251.9

† The presentation of the movements relating to the cash flow hedge reserve has been amended in the current year to more appropriately reflect the requirements of IFRS 9. Given the immaterial amounts involved the prior year numbers have not been reclassified.

CONSOLIDATED BALANCE SHEET
at 31 December 2020

	Notes	2020 £m	2019 £m
Assets			
Property, plant and equipment	9	**122.7**	118.3
Right-of-use assets	10	**453.4**	432.9
Intangible assets	11	**2,441.9**	2,290.9
Defined benefit pension assets	22	**0.4**	10.8
Derivative financial assets		**17.0**	11.5
Deferred tax assets	17	**2.5**	3.7
Total non-current assets		**3,037.9**	2,868.1
Inventories	12	**1,432.2**	1,177.2
Trade and other receivables	13	**1,395.8**	1,254.1
Income tax receivable		**6.6**	6.7
Derivative financial assets		**12.6**	3.4
Cash at bank and in hand	25	**944.3**	610.5
Total current assets		**3,791.5**	3,051.9
Total assets		**6,829.4**	5,920.0
Equity			
Share capital	18	**108.3**	108.3
Share premium		**187.7**	184.0
Translation reserve		**(190.9)**	(111.8)
Other reserves		**14.3**	16.2
Retained earnings		**1,799.7**	1,547.6
Total equity attributable to the Company's equity holders		**1,919.1**	1,744.3
Liabilities			
Interest bearing loans and borrowings	25	**1,615.2**	1,314.2
Defined benefit pension liabilities	22	**45.2**	46.8
Other payables		**50.2**	19.5
Income tax payable		**2.0**	2.4
Provisions	16	**55.7**	33.9
Lease liabilities	24	**368.4**	358.2
Derivative financial liabilities		**0.8**	–
Deferred tax liabilities	17	**105.1**	127.5
Total non-current liabilities		**2,242.6**	1,902.5
Bank overdrafts	25	**514.6**	469.7
Interest bearing loans and borrowings	25	**79.9**	83.7
Trade and other payables	14	**1,836.3**	1,502.8
Income tax payable		**75.7**	81.0
Provisions	16	**8.5**	6.5
Lease liabilities	24	**129.1**	121.8
Derivative financial liabilities		**23.6**	7.7
Total current liabilities		**2,667.7**	2,273.2
Total liabilities		**4,910.3**	4,175.7
Total equity and liabilities		**6,829.4**	5,920.0

Approved by the Board of directors of Bunzl plc (Company registration number 358948) on 1 March 2021 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 2020

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

† The presentation of the movements relating to the cash flow hedge reserve has been amended in the current year to more appropriately reflect the requirements of IFRS 9. Given the immaterial amounts involved the prior year numbers have not been reclassified.

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves: Merger £m	Other reserves: Capital redemption £m	Other reserves: Cash flow hedge £m	Retained earnings: Own shares £m	Retained earnings: Earnings £m	Total equity £m
At 31 December 2018	108.1	178.5	(24.6)	2.5	16.1	1.6	(63.9)	1,476.2	1,694.5
Impact of transition to IFRS 16								(23.9)	(23.9)
Restated equity at 1 January 2019	108.1	178.5	(24.6)	2.5	16.1	1.6	(63.9)	1,452.3	1,670.6
Profit for the year								349.2	349.2
Actuarial loss on defined benefit pension schemes								(8.3)	(8.3)
Foreign currency translation differences on foreign operations			(104.1)						(104.1)
Gain taken to equity as a result of effective net investment hedges			16.9						16.9
Loss recognised in cash flow hedge reserve						(0.5)			(0.5)
Movement from cash flow hedge reserve to inventory/income statement						(4.3)			(4.3)
Income tax credit on other comprehensive expense			–			0.8		2.2	3.0
Total comprehensive income			(87.2)			(4.0)		343.1	251.9
2018 interim dividend								(50.7)	(50.7)
2018 final dividend								(116.6)	(116.6)
Issue of share capital	0.2	5.5							5.7
Employee trust shares							(30.4)		(30.4)
Movement on own share reserves							24.4	(24.4)	–
Share based payments								13.8	13.8
At 31 December 2019	108.3	184.0	(111.8)	2.5	16.1	(2.4)	(69.9)	1,617.5	1,744.3

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Cash flow from operating activities			
Profit before income tax		**555.7**	453.3
Adjusted for:			
net finance expense	6	**62.8**	75.1
customer relationships and brands amortisation	11	**100.4**	107.3
acquisition related items	4	**42.7**	17.6
non-recurring pension scheme charges	4	**16.8**	–
Adjusted operating profit		**778.4**	653.3
Adjustments:			
depreciation and software amortisation	27	**171.7**	160.0
other non-cash items	27	**13.2**	(3.5)
working capital movement	27	**5.0**	4.3
Cash generated from operations before acquisition related items		**968.3**	814.1
Cash outflow from acquisition related items	26	**(24.3)**	(19.2)
Income tax paid		**(153.8)**	(125.6)
Cash inflow from operating activities		**790.2**	669.3
Cash flow from investing activities			
Interest received		**15.1**	9.8
Purchase of property, plant and equipment and software	9,11	**(33.1)**	(36.9)
Sale of property, plant and equipment		**1.2**	8.1
Purchase of businesses	26	**(363.2)**	(143.6)
Cash outflow from investing activities		**(380.0)**	(162.6)
Cash flow from financing activities			
Interest paid excluding interest on lease liabilities		**(56.6)**	(61.0)
Dividends paid	19	**(171.5)**	(167.3)
Increase in borrowings		**444.5**	75.5
Repayment of borrowings		**(133.5)**	(173.7)
Realised (losses)/gains on foreign exchange contracts		**(37.1)**	13.6
Payment of lease liabilities – principal	24	**(137.1)**	(128.3)
Payment of lease liabilities – interest	24	**(22.5)**	(23.3)
Proceeds from issue of ordinary shares to settle share options		**3.7**	5.7
Proceeds from exercise of market purchase share options		**37.0**	15.8
Purchase of employee trust shares		**(49.1)**	(49.2)
Cash outflow from financing activities		**(122.2)**	(492.2)
Increase in cash and cash equivalents		**288.0**	14.5
Cash and cash equivalents at start of year		**140.8**	144.2
Increase in cash and cash equivalents		**288.0**	14.5
Currency translation		**0.9**	(17.9)
Cash and cash equivalents at end of year	25	**429.7**	140.8

CONSOLIDATED CASH FLOW STATEMENT CONTINUED

for the year ended 31 December 2020

Alternative performance measures†	Notes	2020 £m	2019 £m
Cash generated from operations before acquisition related items		**968.3**	814.1
Purchase of property, plant and equipment and software		**(33.1)**	(36.9)
Sale of property, plant and equipment		**1.2**	8.1
Payment of lease liabilities	24	**(159.6)**	(151.6)
Operating cash flow		**776.8**	633.7
Adjusted operating profit		**778.4**	653.3
Add back depreciation of right-of-use assets	10	**134.8**	128.1
Deduct payment of lease liabilities	24	**(159.6)**	(151.6)
Lease adjusted operating profit		**753.6**	629.8
Cash conversion (operating cash flow as a percentage of lease adjusted operating profit)		**103%**	101%

† See Note 3 on page 158 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 2020 have been approved by the Board of directors of Bunzl plc. They are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with International Accounting Standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements also comply with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The consolidated financial statements also comply fully with IFRSs as issued by the International Accounting Standards Board (IASB). They are prepared under the historical cost convention with the exception of certain items which are measured at fair value as described in the accounting policies below.

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

In reaching this conclusion, the directors noted the Group's strong cash performance in the year and the substantial funding available to the Group as described in the Financial review. The directors also considered a range of different forecast scenarios for the 12 month period to the end of 28 February 2022 starting with a base case projection excluding any non-committed acquisition spend or changes in funding. The resilience of the Group to a range of possible downside scenarios was factored into the directors' considerations through two different levels of stress testing against the base case projections. This included sensitising for the potential impacts of the Covid-19 pandemic; firstly reflecting lower trading activity in the foodservice and retail sectors for a period of six months; and secondly the possibility of the impact from the pandemic lasting for the remainder of the year, both resulting in lower profit and higher working capital. In all scenarios modelled the Group maintains sufficient funding headroom and is in compliance with its debt covenants throughout the period of assessment. The directors are therefore satisfied that the Group's forecasts, which take into account reasonably possible changes in trading performance, show that there are no material uncertainties over going concern, including no anticipated breach of covenants, and therefore the going concern basis of preparation continues to be appropriate.

(ii) Impact of Covid-19 on the financial statements at 31 December 2020
The impact of the Covid-19 pandemic on the financial results for the Group for the year ended 31 December 2020 are detailed elsewhere in this report, notably in the Chief Executive Officer's review and the Financial review.

The Group's accounting policies for inventories and trade and other receivables remain unchanged from those set out in the Company's 2019 statutory accounts. However, the Covid-19 pandemic has significantly increased the potential risks from credit losses on trade receivables and inventory, particularly in the businesses within the Group adversely affected by lockdown restrictions, notably in the foodservice and retail sectors.

During 2020, the Group has seen a number of customers either entering insolvency processes or showing specific credit stress indicators that have impacted the recoverability of receivables and customer specific inventory particularly in the foodservice and retail sectors. This has resulted in a net charge of approximately £15m being taken during the year to reflect the risks around recoverability. In addition, there is a heightened risk of further recoverability issues with customers, mainly in these same sectors, as government support is withdrawn and the trading uncertainty continues. Consequently, the Group has taken an additional net charge of approximately £10m in the year relating to aged receivables and customer specific inventory for those customers identified as having a high or medium credit risk. The Group has also seen an increase in the level of slow moving inventory as the Covid-19 pandemic and the associated government imposed control measures have continued to impact customer demand across a range of market sectors. This has resulted in a net charge of approximately £15m in the year to increase slow moving inventory provisions. The resultant level of receivables and inventory provisions relative to the relevant total balances at the end of December 2020 are marginally below the levels seen in the global financial crisis in 2008.

Impairment reviews of goodwill and customer relationships assets were completed towards the end of the year using cash flow projections which took into account the latest expectations about the recovery of businesses in the market sectors impacted by the pandemic. Further details of the impairment testing carried out are shown in Note 11.

b. Newly adopted accounting policies
There are no new standards or amendments to existing standards that are effective that have had a material impact on the Group, nor does the Group anticipate any new or revised standards and interpretations that are effective from 1 January 2021 and beyond to have a material impact on its consolidated results or financial position.

2 Accounting policies

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

a. Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is either exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A list of all of the Company's subsidiary undertakings is included in the Related undertakings note in the Shareholder information section on pages 212 to 217 and is subject to audit. The results of all of the subsidiary undertakings are included in full in these consolidated financial statements.

(ii) Business combinations

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

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

(iii) Disposal of businesses

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

(iv) Transactions eliminated on consolidation

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

b. Foreign currency

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

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

c. Revenue

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

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

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.

2 Accounting policies continued

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 18 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 part (v) – 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.

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 relationships and brands

Customer relationships and brands intangible assets acquired in a business combination are recognised on acquisition and recorded at fair value. Subsequent to initial recognition, customer relationships and brands intangible assets are stated at cost less accumulated amortisation and any impairment losses. Amortisation is charged to the income statement on a straight line basis over the estimated useful economic lives which range from 10 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 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, plus any directly attributable transaction costs. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses including expected credit losses. In accordance with IFRS 9 'Financial Instruments' the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics such as the ageing of the debt and the credit risk of the customers. An historical credit loss rate is then calculated for each group and adjusted to reflect expectations about future credit losses. Inputs and assumptions used for expected credit loss provisions are based on local operating company historical experience and expectations about future credit losses. The Group does not have any significant contract assets.

2 Accounting policies continued

o. Trade and other payables

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

p. Financial instruments

Classification and measurement

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

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

Derivatives and hedging activities

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

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

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

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

(i) Fair value hedge

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

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

(ii) Cash flow hedge

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

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

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

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

(iii) Net investment hedge

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

2 Accounting policies continued

(iv) Other derivative instruments

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

q. Cash and cash equivalents

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

r. Net debt

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

s. Provisions

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

t. Investment in own shares

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

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

u. Retirement benefits

(i) Defined contribution pension schemes

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

(ii) Defined benefit pension schemes

A defined benefit pension scheme is a post-employment benefit plan other than a defined contribution pension scheme. Defined benefit pension schemes are recognised on the balance sheet as a defined benefit pension asset or a defined benefit pension liability based on the difference between the fair value of pension scheme assets and the present value of pension scheme liabilities.

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

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

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

v. Dividends

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

2 Accounting policies continued

w. Hyperinflationary economies

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

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

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

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

y. Sources of estimation uncertainty

In applying the Group's accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect, there may be an impact on the following year's financial statements. As at 31 December 2020, sources of estimation uncertainty where there was a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year were limited to the following items:

(i) Accounting for business combinations

Part of the Company's strategy is to grow through acquisitions. Acquisitions are accounted for using the acquisition method as described in the business combinations accounting policy, Note 2a(ii), and the goodwill accounting policy, Note 2k(i). This includes the determination of fair values for assets and liabilities acquired, including the separate identification of intangible assets, which use assumptions and estimates and are therefore subjective. The Group has developed a process to meet the requirements of IFRS 3 including the separate identification of customer relationships and brands intangible assets based on estimated future performance and customer attrition rates. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. The process applied is described in Note 26.

(ii) Recoverability of goodwill, customer relationships and brands intangible assets

As noted above, part of the Company's strategy is to grow through acquisitions which has led to material goodwill, customer relationships and brands intangible assets being recognised on the balance sheet. Goodwill, which is allocated across CGUs, is tested annually to determine if there is any indication of impairment by comparing the carrying amount of the goodwill to the recoverable amount of the CGU to which it has been allocated. Assumptions and estimates are used to determine the recoverable amount of each CGU, principally based on the present value of estimated future cash flows. Actual performance may differ from management's expectations. The estimates and assumptions used in performing impairment testing are described in Note 11. Customer relationships and brands intangible assets are also reviewed annually for indicators of impairment and if an indicator of impairment exists then similar recoverability testing, involving the use of estimates and assumptions, is performed for the business to which the customer relationships and brands intangible assets relate. The useful economic lives of customer relationships and brands intangible assets are also reviewed at least annually, with any revisions to the original estimated useful economic lives accounted for prospectively. As at 31 December 2020 the goodwill balance was £1,494.6m (2019: £1,403.6m), the amount of customer relationships intangible assets was £912.7m (2019: £864.9m) and the amount of brands intangible assets was £12.5m (2019: £nil).

(iii) 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 22. The Group's net pension deficit balance as at 31 December 2020 was £44.8m (2019: £36.0m).

(iv) Trade receivables and inventory provisions

Due to the uncertainty created by the Covid-19 pandemic, trade receivables and inventory provisions are considered to be a source of estimation uncertainty. The Group has seen a number of customers either entering insolvency processes or illustrating specific credit stress indicators that impact the recoverability of receivables and customer specific inventory in the foodservice and retail sectors and there is a heightened risk of further recoverability issues with customers, mainly in the foodservice and retail sectors, as government support is withdrawn and the trading uncertainty continues. The Group has also seen an increase in the level of slow moving inventory as the Covid-19 pandemic and the associated government imposed control measures have continued to impact customer demand across a range of market sectors. As at 31 December 2020, the Group carried trade receivables provisions of £35.2m (2019: £23.9m) and provisions for slow moving, obsolete or defective inventories of £132.5m (2019: £80.3m).

2 Accounting policies continued

(v) 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 £77.7m (2019: £83.4m) 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.

The principal uncertainty relates to the legal arguments between the European Commission ('the Commission') and HM Government over whether part of the UK's tax regime is contrary to European Union State aid provisions. The Group, as well as HM Government and many other tax payers, have filed appeals to the EU General Court ('EU Court') on this issue but no hearing date has yet been set. A payment of up to £37m could be payable to HM Revenue & Customs ('HMRC') in 2021, but any such amount paid will be refunded in the event of a favourable EU Court ruling on this matter. The Group considers it to be more likely than not that the EU Court decision will find the UK tax regime did not amount to State aid and on that basis has not provided for any liability. It is, however, possible that a decision will be received within the next year and that the decision will favour the Commission. In that case a material liability would arise of an amount estimated to be up to £37m.

Other than the risk noted above, management does not consider there to be any additional 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:

Adjusted operating profit	Operating profit before customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses (reconciled in the following tables and in the Consolidated income statement)
Operating margin	Adjusted operating profit as a percentage of revenue
Adjusted profit before income tax	Profit before income tax, customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses (reconciled in the following tables)
Adjusted profit for the year	Profit for the year before customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges, profit or loss on disposal of businesses and the associated tax (reconciled in the following tables)
Effective tax rate	Tax on adjusted profit before income tax as a percentage of adjusted profit before income tax (reconciled in Note 7)
Adjusted earnings per share	Adjusted profit for the year divided by the weighted average number of ordinary shares in issue (reconciled in the following tables and in Note 8)
Adjusted diluted earnings per share	Adjusted profit for the year divided by the diluted weighted average number of ordinary shares (reconciled in Note 8)
Operating cash flow	Cash generated from operations before acquisition related items after deducting purchases of property, plant and equipment and software and adding back the proceeds from the sale of property, plant and equipment and software and deducting the payment of lease liabilities (as shown in the Consolidated cash flow statement)
Free cash flow	Operating cash flow after deducting payments for tax and net interest excluding interest on lease liabilities
Lease adjusted operating profit	Adjusted operating profit after adding back the depreciation of right-of-use assets and deducting the payment of lease liabilities (as shown in the Consolidated cash flow statement)
Cash conversion	Operating cash flow as a percentage of lease adjusted operating profit (as shown in the Consolidated cash flow statement)
Return on average operating capital	The ratio of adjusted operating profit to the average of the month end operating capital employed (being property, plant and equipment, right-of-use assets, software, inventories and trade and other receivables less trade and other payables)
Return on invested capital	The ratio of adjusted operating profit to the average of the month end invested capital (being equity after adding back net debt, lease liabilities, net defined benefit pension scheme liabilities, cumulative customer relationships and brands amortisation, acquisition related items and amounts written off goodwill, net of the associated tax)
EBITDA	Adjusted operating profit on a historical GAAP basis, before depreciation of property, plant and equipment and software amortisation and after adjustments as permitted by the Group's debt covenants, principally to exclude share option charges and to annualise for the effect of acquisitions and disposal of businesses
Net debt excluding lease liabilities	Net debt excluding the carrying value of lease liabilities (reconciled in Note 25)
Constant exchange rates	Growth rates at constant exchange rates are calculated by retranslating the results for the year ended 31 December 2019 at the average rates for the year ended 31 December 2020 so that they can be compared without the distorting impact of changes caused by foreign exchange translation. The principal exchange rates used for 2020 and 2019 can be found in the Financial review on page 76

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

Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses, adjustments to previously estimated earn outs, customer relationships asset impairment charges, goodwill impairment charges and interest on acquisition related income tax. Customer relationships and brands amortisation, acquisition related items and any associated tax are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions. The non-recurring pension scheme charges relate to non-recurring charges arising from the Group's participation in a number of defined benefit pension schemes. In the year ended 31 December 2020, these non-recurring pension scheme charges comprise

3 Alternative performance measures continued

the costs relating to the Group's decision to withdraw from three multi-employer pension plans in North America and a charge relating to the equalisation of guaranteed minimum pensions between male and female members on historical transfer values out of the Group's UK defined benefit pension scheme following the outcome of the High Court judgment in November 2020 in the case of Lloyds Banking Group Pension Trustees Limited vs Lloyds Bank plc. None of these items relate to the underlying operating performance of the business and, as a result, they distort comparability between businesses and reporting periods. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating the profitability measures by which management assesses the performance of the Group.

Other alternative performance measures, including the Group's key performance indicators which are set out and defined on pages 32 and 33, are used to monitor the performance of the Group and a number of these are based on, or derived from, the alternative performance measures noted above. All alternative performance measures have been calculated consistently with the methods applied in the consolidated financial statements for the year ended 31 December 2019.

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 2020

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

Year ended 31 December 2019

		Adjusting items				
	Alternative performance measures £m	Customer relationships and brands amortisation £m	Acquisition related items £m	Non-recurring pension scheme charges £m	Statutory measures £m	
Adjusted operating profit	653.3	(107.3)	(17.6)	–	528.4	Operating profit
Finance income	12.4				12.4	Finance income
Finance expense	(87.5)				(87.5)	Finance expense
Adjusted profit before income tax	578.2	(107.3)	(17.6)	–	453.3	Profit before income tax
Tax on adjusted profit	(137.6)	29.1	4.4	–	(104.1)	Income tax
Adjusted profit for the year	440.6	(78.2)	(13.2)	–	349.2	Profit for the year
Adjusted earnings per share	132.2p	(23.4)p	(4.0)p	–	104.8p	Basic earnings per share

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 2020

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	**5,843.8**	**2,127.3**	**1,287.7**	**852.3**		**10,111.1**
Adjusted operating profit/(loss)	**395.7**	**238.1**	**68.6**	**104.2**	**(28.2)**	**778.4**
Customer relationships and brands amortisation	**(39.8)**	**(35.6)**	**(8.8)**	**(16.2)**		**(100.4)**
Acquisition related items	**(8.4)**	**(8.1)**	**(7.2)**	**(19.0)**		**(42.7)**
Non-recurring pensions scheme charges	**(16.4)**				**(0.4)**	**(16.8)**
Operating profit/(loss)	**331.1**	**194.4**	**52.6**	**69.0**	**(28.6)**	**618.5**
Finance income						**10.4**
Finance expense						**(73.2)**
Profit before income tax						**555.7**
Adjusted profit before income tax						**715.6**
Income tax						**(125.7)**
Profit for the year						**430.0**

Purchase of property, plant and equipment	**6.3**	**7.1**	**6.1**	**4.6**	**0.3**	**24.4**
Depreciation of property, plant and equipment	**9.7**	**8.7**	**4.8**	**3.3**	**0.1**	**26.6**
Additions to right-of-use assets	**31.1**	**20.7**	**34.4**	**13.9**	**–**	**100.1**
Depreciation of right-of-use assets	**66.3**	**31.0**	**21.3**	**15.7**	**0.5**	**134.8**
Purchase of software	**3.7**	**2.1**	**1.7**	**1.0**	**0.2**	**8.7**
Software amortisation	**3.2**	**4.8**	**0.8**	**1.3**	**0.2**	**10.3**

Year ended 31 December 2019

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	5,473.2	1,829.8	1,242.1	781.6		9,326.7
Adjusted operating profit/(loss)	343.6	182.1	87.1	61.6	(21.1)	653.3
Customer relationships and brands amortisation	(36.8)	(40.9)	(8.2)	(21.4)		(107.3)
Acquisition related items	(6.6)	(5.9)	(2.0)	(3.1)		(17.6)
Operating profit/(loss)	300.2	135.3	76.9	37.1	(21.1)	528.4
Finance income						12.4
Finance expense						(87.5)
Profit before income tax						453.3
Adjusted profit before income tax						578.2
Income tax						(104.1)
Profit for the year						349.2

Purchase of property, plant and equipment	8.8	8.8	5.7	3.7	0.1	27.1
Depreciation of property, plant and equipment	8.8	8.2	4.1	3.3	0.1	24.5
Additions to right-of-use assets	56.6	29.2	12.4	7.0	–	105.2
Depreciation of right-of-use assets	61.8	29.9	20.4	15.5	0.5	128.1
Purchase of software	4.8	2.1	1.4	1.5	–	9.8
Software amortisation	2.4	2.6	0.9	1.3	0.2	7.4

4 Segment analysis continued

Acquisition related items	2020 £m	2019 £m
Deferred consideration payments relating to the retention of former owners of businesses acquired	**13.2**	13.3
Transaction costs and expenses	**7.3**	4.1
Adjustments to previously estimated earn outs	**1.0**	(0.3)
Interest on acquisition related income tax	**–**	0.5
	21.5	17.6
Goodwill impairment charges (Note 11)	**12.1**	–
Customer relationships impairment charges (Note 11)	**9.1**	–
	42.7	17.6

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 2020 the Group had no customer that represented 10% or more of total Group revenue (2019: 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	2020 £m	2019 £m
Grocery	**2,590.3**	2,399.8
Foodservice	**2,500.2**	2,710.9
Safety	**1,426.1**	1,208.7
Cleaning & hygiene	**1,320.3**	1,110.9
Retail	**1,021.1**	1,036.3
Healthcare	**1,008.7**	618.6
Other	**244.4**	241.5
	10,111.1	9,326.7

Revenue attributable to the UK, the parent company's country of domicile, for the year ended 31 December 2020 was £1,192.6m, representing 12% of the Group's total (2019: £1,143.5m, representing 12% of the Group's total). Revenue attributable to foreign countries in total was £8,918.5m, representing 88% of the Group's total (2019: £8,183.2m, representing 88% of the Group's total). Six foreign countries account for the majority of the revenue attributable to foreign countries, these being USA, Canada, France, the Netherlands, Australia and Brazil. These six foreign countries account for 75% of the Group's revenue (2019: 74%).

Non-current assets attributable to the UK, the parent company's country of domicile, for the year ended 31 December 2020 was £441.2m, representing 15% of the Group's total (2019: £418.8m, representing 15% of the Group's total). Non-current assets attributable to foreign countries in total was £2,596.7m, representing 85% of the Group's total (2019: £2,449.3m, representing 85% of the Group's total). Six foreign countries account for the majority of the non-current assets attributable to foreign countries, these being USA, Canada, France, the Netherlands, Australia and Brazil. These six foreign countries account for 66% of the Group's total non-current assets (2019: 65%).

4 Segment analysis continued

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

At 31 December 2020

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

At 31 December 2019

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Unallocated £m	Total £m
Segment assets	2,246.2	1,567.6	809.8	640.0		5,263.6
Unallocated assets					656.4	656.4
Total assets	2,246.2	1,567.6	809.8	640.0	656.4	5,920.0
Segment liabilities	880.0	522.8	421.3	173.4		1,997.5
Unallocated liabilities					2,178.2	2,178.2
Total liabilities	880.0	522.8	421.3	173.4	2,178.2	4,175.7

5 Analysis of operating income and expenses

	2020 £m	2019 £m
Cost of goods sold	**7,526.3**	7,033.2
Employee costs (Note 23)	**935.1**	873.8
Depreciation of property, plant and equipment (Note 9)	**26.6**	24.5
Depreciation of right-of-use assets (Note 10)	**134.8**	128.1
Amortisation of intangible assets (Note 11)	**110.7**	114.7
Acquisition related items (Note 4)	**42.7**	17.6
Non-recurring pension scheme charges (Note 22)	**16.8**	–
Net impairment losses on trade receivables (Note 13)	**15.9**	6.0
Loss/(profit) on disposal of property, plant and equipment	**0.8**	(4.7)
Expense relating to short term leases and low value assets	**8.0**	7.1
Lease and sublease income	**(2.1)**	(2.6)
Other operating expenses	**677.0**	600.6
Net operating expenses	**9,492.6**	8,798.3

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.

Non-recurring pension scheme charges for the year ended 31 December 2020 of £16.8m (2019: £nil) comprise a £16.4m charge relating to the cost of the Group's withdrawal from three multi-employer pension plans in North America and a £0.4m charge relating to the equalisation of guaranteed minimum pension between male and female members on historical transfer values out of the Group's UK defined benefit pension schemes following the outcome of the High Court judgment in November 2020 in the case of Lloyds Banking Group Pension Trustees Limited vs Lloyds Bank plc. Further details on these charges are shown in Note 22.

5 Analysis of operating income and expenses continued

Auditors' remuneration	2020 UK £m	2020 Overseas £m	2020 Total £m	2019 UK £m	2019 Overseas £m	2019 Total £m
Audit of these financial statements	**0.5**	**–**	**0.5**	0.5	–	0.5
Amounts receivable by the Company's auditors* in respect of:						
audit of financial statements of subsidiaries of the Company	**0.4**	**3.0**	**3.4**	0.4	2.6	3.0
audit related assurance services	**0.1**	**–**	**0.1**	0.1	–	0.1
all other services	**0.1**	**–**	**0.1**	0.1	–	0.1
Total auditors' remuneration	**1.1**	**3.0**	**4.1**	1.1	2.6	3.7

* Including their associates.

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

The Audit Committee, which consists entirely of independent non-executive directors, reviews and approves the level and type of non-audit work which the external auditors perform, including the fees paid for such work, to ensure that the auditors' objectivity and independence are not compromised. Further information is set out in the Audit Committee's report on pages 108 to 113.

6 Finance income/(expense)

	2020 £m	2019 £m
Interest on cash and cash equivalents	**2.6**	4.4
Interest income from foreign exchange contracts	**5.3**	7.2
Net interest income on defined benefit pension schemes in surplus	**0.3**	0.2
Interest related to income tax	**0.1**	–
Other finance income	**2.1**	0.6
Finance income	**10.4**	12.4
Interest on loans and overdrafts	**(44.2)**	(56.6)
Lease interest expense	**(22.5)**	(23.3)
Interest expense from foreign exchange contracts	**(2.4)**	(3.9)
Net interest expense on defined benefit pension schemes in deficit	**(1.0)**	(1.3)
Fair value loss on US private placement notes and senior bond in a hedge relationship	**(15.2)**	(10.7)
Fair value gain on interest rate swaps in a hedge relationship	**15.4**	10.8
Foreign exchange gain/(loss) on intercompany funding	**3.5**	(42.6)
Foreign exchange (loss)/gain on external debt and foreign exchange forward contracts	**(4.0)**	42.7
Interest related to income tax	**(1.1)**	(1.5)
Other finance expense	**(1.7)**	(1.1)
Finance expense	**(73.2)**	(87.5)
Net finance expense	**(62.8)**	(75.1)

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

7 Income tax

	2020 £m	2019 £m
Current tax on profit		
current year	**161.1**	122.8
adjustments in respect of prior years	**(12.5)**	(7.8)
	148.6	115.0
Deferred tax on profit		
current year	**(19.7)**	(11.3)
adjustments in respect of prior years	**(3.2)**	0.4
	(22.9)	(10.9)
Income tax on profit	**125.7**	104.1

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.

	2020 £m	2019 £m
Income tax on profit	**125.7**	104.1
Tax associated with adjusting items	**39.4**	33.5
Tax on adjusted profit	**165.1**	137.6
Profit before income tax	**555.7**	453.3
Adjusting items	**159.9**	124.9
Adjusted profit before income tax	**715.6**	578.2
Reported tax rate	**22.6%**	23.0%
Effective tax rate	**23.1%**	23.8%

	2020			2019		
Tax on other comprehensive income/(expense) and equity	Gross £m	Tax credit £m	Net £m	Gross £m	Tax credit £m	Net £m
Actuarial loss on defined benefit pension schemes	**(16.2)**	**3.0**	**(13.2)**	(8.3)	2.2	(6.1)
Foreign currency translation differences on foreign operations	**(63.5)**	**0.3**	**(63.2)**	(104.1)	–	(104.1)
(Loss)/gain taken to equity as a result of effective net investment hedges	**(15.9)**	**–**	**(15.9)**	16.9	–	16.9
(Loss)/gain recognised in cash flow hedge reserve	**(8.5)**	**1.6**	**(6.9)**	(0.5)	0.1	(0.4)
Movement from cash flow hedge reserve to inventory/ income statement	**–**	**–**	**–**	(4.3)	0.7	(3.6)
Other comprehensive expense	**(104.1)**	**4.9**	**(99.2)**	(100.3)	3.0	(97.3)
Dividends	**(171.5)**	**–**	**(171.5)**	(167.3)	–	(167.3)
Movement from cash flow hedge reserve to inventory	**6.1**	**(1.1)**	**5.0**	–	–	–
Issue of share capital	**3.7**	**–**	**3.7**	5.7	–	5.7
Employee trust shares	**(9.4)**	**–**	**(9.4)**	(30.4)	–	(30.4)
Share based payments	**14.9**	**1.3**	**16.2**	13.5	0.3	13.8
Other comprehensive expense and equity	**(260.3)**	**5.1**	**(255.2)**	(278.8)	3.3	(275.5)

7 Income tax continued

Factors affecting the tax charge for the year

The Group operates in many countries and is subject to different rates of income tax in those countries. The expected tax rate is calculated as a weighted average of the tax rates in the tax jurisdictions in which the Group operates, most of which are higher than the UK statutory rate for the year of 19.0% (2019: 19.0%). The adjustments to the tax charge at the weighted average rate to determine the income tax on profit are as follows:

	2020 £m	2019 £m
Profit before income tax	**555.7**	453.3
Tax charge at weighted average rate (2020: 24.7%; 2019: 23.3%)	**137.4**	105.6
Effects of:		
non-deductible expenditure	**5.8**	6.4
impact of intercompany finance	**(2.1)**	(0.4)
change in tax rates	**(0.3)**	(1.0)
prior year adjustments from acquisitions	**(5.1)**	–
other prior year adjustments	**(10.6)**	(7.4)
other current year items	**0.6**	0.9
Income tax on profit	**125.7**	104.1

Deferred tax in the income statement	2020 £m	2019 £m
Property, plant and equipment	**(0.1)**	0.4
Defined benefit pension schemes	**(2.6)**	1.7
Goodwill and customer relationships	**(16.7)**	(13.6)
Provisions and accruals	**(4.4)**	1.0
Inventories	**1.7**	(0.4)
Leases	**0.2**	(0.2)
Other	**(1.0)**	0.2
Deferred tax on profit	**(22.9)**	(10.9)

Future tax liabilities may be affected by the Commission's decision that part of the UK's tax regime is contrary to European Union State aid provisions. The Group, as well as HM Government and many other tax payers, have filed appeals to the EU Court on this issue but no hearing date has yet been set. The potential liability for this risk is estimated to be between £nil and £37m as at 31 December 2020 and its resolution will depend on the decision of the EU Court and any further appeals. Based on the current legal challenge the Group does not consider any provision is required for this risk. However, the Group notes that HM Government has recently passed legislation to facilitate collection of those amounts which HMRC considers represent State aid according to the Commission's decision. It is possible that tax will be payable to HMRC in 2021 of up to £37m and that a refund of the full amount would be made in the event of a favourable EU Court ruling on this matter.

In addition and as expected, the Group made a cash payment during the year of BRL100.4m (£15.2m) for tax plus interest and penalties in relation to a tax dispute in Brazil. This had no effect on the tax charge for the year.

8 Earnings per share

	2020 £m	2019 £m
Profit for the year	**430.0**	349.2
Adjusted for:		
customer relationships and brands amortisation	**100.4**	107.3
acquisition related items	**42.7**	17.6
non-recurring pension scheme charges	**16.8**	–
tax credit on adjusting items	**(39.4)**	(33.5)
Adjusted profit for the year	**550.5**	440.6

8 Earnings per share continued

	2020	2019
Basic weighted average number of ordinary shares in issue (million)	**333.8**	333.3
Dilutive effect of employee share plans (million)	**1.3**	1.0
Diluted weighted average number of ordinary shares (million)	**335.1**	334.3

Basic earnings per share	**128.8p**	104.8p
Adjustment	**36.1p**	27.4p
Adjusted earnings per share	**164.9p**	132.2p

Diluted basic earnings per share	**128.3p**	104.5p
Adjustment	**36.0p**	27.3p
Adjusted diluted earnings per share	**164.3p**	131.8p

9 Property, plant and equipment

2020	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	**83.2**	**151.4**	**100.6**	**335.2**
Acquisitions (Note 26)	**2.7**	**4.7**	**1.2**	**8.6**
Additions	**4.1**	**9.4**	**10.9**	**24.4**
Disposals	**(0.8)**	**(4.6)**	**(6.1)**	**(11.5)**
Currency translation	**4.7**	**(1.3)**	**0.5**	**3.9**
End of year	**93.9**	**159.6**	**107.1**	**360.6**
Accumulated depreciation				
Beginning of year	**41.6**	**102.1**	**73.2**	**216.9**
Charge in year	**4.5**	**12.8**	**9.3**	**26.6**
Disposals	**(0.7)**	**(4.0)**	**(5.6)**	**(10.3)**
Currency translation	**3.6**	**(0.5)**	**1.6**	**4.7**
End of year	**49.0**	**110.4**	**78.5**	**237.9**
Net book value at 31 December 2020	**44.9**	**49.2**	**28.6**	**122.7**

2019	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	90.1	157.0	105.1	352.2
Acquisitions (Note 26)	0.1	0.3	0.8	1.2
Additions	4.3	11.9	10.9	27.1
Disposals	(8.2)	(11.9)	(12.3)	(32.4)
Currency translation	(3.1)	(5.9)	(3.9)	(12.9)
End of year	83.2	151.4	100.6	335.2
Accumulated depreciation				
Beginning of year	45.2	105.4	79.2	229.8
Charge in year	3.7	11.9	8.9	24.5
Disposals	(5.8)	(10.8)	(12.4)	(29.0)
Currency translation	(1.5)	(4.4)	(2.5)	(8.4)
End of year	41.6	102.1	73.2	216.9
Net book value at 31 December 2019	41.6	49.3	27.4	118.3

10 Right-of-use assets

2020	Property £m	Motor vehicles £m	Equipment £m	Total £m
Net book value at beginning of year	**341.5**	**66.4**	**25.0**	**432.9**
Acquisitions (Note 26)	**30.8**	**3.9**	**0.5**	**35.2**
Additions	**62.4**	**24.7**	**13.0**	**100.1**
Depreciation charge in the year	**(95.2)**	**(29.4)**	**(10.2)**	**(134.8)**
Remeasurement adjustments	**22.7**	**0.5**	**1.0**	**24.2**
Currency translation	**(3.9)**	**0.3**	**(0.6)**	**(4.2)**
Net book value at 31 December 2020	**358.3**	**66.4**	**28.7**	**453.4**

2019	Property £m	Motor vehicles £m	Equipment £m	Total £m
Net book value at beginning of year	–	–	–	–
Right-of-use assets on transition to IFRS 16	359.4	65.4	24.6	449.4
Acquisitions (Note 26)	5.7	0.2	0.6	6.5
Additions	65.3	30.4	9.5	105.2
Depreciation charge in the year	(91.4)	(27.8)	(8.9)	(128.1)
Remeasurement adjustments	13.8	0.6	–	14.4
Currency translation	(11.3)	(2.4)	(0.8)	(14.5)
Net book value at 31 December 2019	341.5	66.4	25.0	432.9

11 Intangible assets

2020	Goodwill £m	Customer relationships £m	Brands £m	Software £m	Total £m
Cost					
Beginning of year	**1,403.6**	**1,710.9**	**–**	**74.7**	**3,189.2**
Acquisitions (Note 26)	**108.8**	**172.2**	**13.7**	**2.0**	**296.7**
Additions				**8.7**	**8.7**
Disposals		**–**	**–**	**(1.7)**	**(1.7)**
Currency translation	**(5.7)**	**(8.9)**	**(0.9)**	**1.8**	**(13.7)**
End of year	**1,506.7**	**1,874.2**	**12.8**	**85.5**	**3,479.2**
Accumulated amortisation and impairment					
Beginning of year	**–**	**846.0**	**–**	**52.3**	**898.3**
Amortisation charge in year		**100.1**	**0.3**	**10.3**	**110.7**
Impairment charge in year	**12.1**	**9.1**	**–**	**–**	**21.2**
Disposals		**–**	**–**	**(0.9)**	**(0.9)**
Currency translation	**–**	**6.3**	**–**	**1.7**	**8.0**
End of year	**12.1**	**961.5**	**0.3**	**63.4**	**1,037.3**
Net book value at 31 December 2020	**1,494.6**	**912.7**	**12.5**	**22.1**	**2,441.9**

11 Intangible assets continued

2019	Goodwill £m	Customer relationships £m	Brands £m	Software £m	Total £m
Cost					
Beginning of year	1,420.4	1,719.2	–	72.5	3,212.1
Acquisitions (note 26)	39.8	71.7	–	–	111.5
Additions				9.8	9.8
Disposals		–	–	(4.6)	(4.6)
Currency translation	(56.6)	(80.0)	–	(3.0)	(139.6)
End of year	1,403.6	1,710.9	–	74.7	3,189.2
Accumulated amortisation					
Beginning of year		778.0	–	51.6	829.6
Charge in year		107.3	–	7.4	114.7
Disposals		–	–	(4.6)	(4.6)
Currency translation		(39.3)	–	(2.1)	(41.4)
End of year		846.0	–	52.3	898.3
Net book value at 31 December 2019	1,403.6	864.9	–	22.4	2,290.9

Goodwill, customer relationships and brands intangible assets have been acquired as part of business combinations. Further details of acquisitions made in the year are set out in Note 26.

Customer relationships include two businesses with individually significant customer relationships assets, MCR Safety acquired in September 2020 and based in North America and Hedis acquired in 2017 and based in France. The net book value of customer relationships in MCR Safety as at 31 December 2020 was £95.5m with a remaining useful economic life of 14.7 years. The net book value of customer relationships in Hedis as at 31 December 2020 was £105.4m (2019: £108.4m) with a remaining useful economic life of 12.9 years (2019: 13.9 years).

Following a review of the Group's operations within the Asia Pacific CGU, the Group announced the closure of a safety business in China with effect from 31 December 2020 and, as a result, recognised impairment charges of £14.8m during the year, comprising £12.1m relating to goodwill and £2.7m relating to customer relationships.

Impairment testing

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

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

The value in use calculations are principally sensitive to revenue growth, including any significant changes to the customer base, achievability of future profit margins and the discount rates used in the present value calculation. The information used for valuation purposes takes into consideration past experience and the current economic environment with regard to customer attrition rates and additions to the customer base, the ability to introduce price increases and new products and experience in controlling the underlying cost base. This information is used to determine a long term growth rate which is consistent with the geographic segments in which the Group operates and management's assessment of future operating performance and market share movements. Given the unprecedented challenges presented by the Covid-19 pandemic and the global economic impact, a particular focus has been to consider the potential ongoing impacts of the Covid-19 pandemic on the performance of each CGU during the projection period in preparing the value in use calculations, with specific consideration given to the potential impacts on the foodservice and retail sectors. The discount rates used are determined with assistance provided by external valuation specialists.

11 Intangible assets continued

The Group last reviewed the composition of the Group's CGUs in 2018. To reflect more appropriately the way that the Group is now structured, including recent changes to management oversight and responsibility, the allocation of goodwill to CGUs for impairment testing purposes was updated for the 2020 impairment testing exercise, with goodwill allocated across seven CGUs in 2020 (2019: eleven). The change in the number of CGUs is driven by the consolidation of five CGUs across UK & Ireland into one combined UK & Ireland CGU for goodwill impairment testing purposes, reflecting changes in management responsibility and a move to greater centralisation of services and sharing of resources to drive synergies across the business area. Impairment testing was also performed in 2020 based on the previous CGUs to ensure that no potential impairments were avoided as a result of the change to the composition of the CGUs. Based on impairment testing using both the previous and updated CGUs no impairments were identified to the carrying value of goodwill within the Group other than the £12.1m goodwill impairment charge specifically related to the closure of a safety business in China as noted above.

As at 31 December 2020 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 2020 the carrying value of goodwill in respect of North America was £490.9m (2019: £428.9m), UK & Ireland was £282.4m (2019: £265.6m), France was £260.3m (2019: £247.1m) and Rest of Continental Europe was £195.6m (2019: £183.6m). As at 31 December 2020 the aggregate amount of goodwill attributable to the Group's CGUs, excluding North America, UK & Ireland, France and Rest of Continental Europe, was £265.4m (2019: £278.4m), none of which is individually significant.

For North America, UK & Ireland, France and Rest of Continental Europe, the weighted average long term growth rate used in 2020 was in the range of 2.5%–3.5% (2019: 2.5%–3.5%) reflecting anticipated revenue and profit growth. A pre-tax discount rate in the range of 7%–10% (2019: 7%–10%) has been applied to the value in use calculations reflecting market assessments of the time value of money at the balance sheet date. Similar assumptions have been applied to the other CGUs but where appropriate the directors have considered alternative market risk assumptions to reflect the specific conditions arising in individual CGUs with long term growth rates ranging from 2.5%–5.9% (2019: 2.5%–6.5%) and discount rates ranging from 7%–14% (2019: 7%–16%).

As part of the annual impairment testing for goodwill, the Group also considered whether there were any indicators that individual customer relationships assets were impaired, focusing on businesses impacted adversely by the Covid-19 pandemic, including those in the foodservice and retail sectors. 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. As a result of this impairment testing, in addition to the impairment charge of £2.7m recognised due to the closure of a safety business in China noted above, the Group has recognised a further impairment charge of £6.4m relating to the customer relationships intangible asset of a foodservice business within the UK & Ireland CGU and a safety business within the Rest of Continental Europe CGU.

The Group has also considered whether climate change would have a significant impact on the approach taken to the annual impairment testing. For this the Group modelled the potential impacts of three alternative climate change scenarios, and concluded that, while it is an emerging risk the Group does not expect it to have a material financial impact and is sufficiently far into the future not to warrant any amendment to the assumptions used in the impairment testing.

Sensitivity to changes in key assumptions

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

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

12 Inventories

	2020 £m	2019 £m
Goods for resale	**1,432.2**	1,177.2

During the year £10.1m (2019: £5.5m) was written off from inventories due to obsolescence or damage. The provision for slow moving, obsolete or defective inventories at 31 December 2020 was £132.5m (2019: £80.3m). During the year the Group has seen a heightened risk of recoverability issues on customer specific inventory and an increase in the level of slow moving inventory as the Covid-19 pandemic and the associated government imposed control measures have continued to impact customer demand across a range of market sectors. This has resulted in an increase in the level of provisions required.

13 Trade and other receivables

	2020 £m	2019 £m
Trade receivables	**1,138.0**	1,020.2
Prepayments	**96.1**	70.3
Other receivables	**161.7**	163.6
	1,395.8	1,254.1

The Group does not have any significant contract assets.

The ageing of trade receivables at 31 December was:

	2020		2019	
	Gross £m	Provision £m	Gross £m	Provision £m
Current	**936.1**	**6.6**	832.9	3.8
0–30 days overdue	**163.0**	**1.8**	146.2	1.4
31–90 days overdue	**43.2**	**2.7**	42.9	1.5
Over 90 days overdue	**30.9**	**24.1**	22.1	17.2
	1,173.2	**35.2**	1,044.1	23.9

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:

	2020 £m	2019 £m
Beginning of year	**23.9**	25.6
Acquisitions	**4.1**	0.1
Charge	**16.9**	6.9
Released	**(4.3)**	(0.9)
Utilised	**(4.4)**	(6.7)
Currency translation	**(1.0)**	(1.1)
End of year	**35.2**	23.9

The movement in the year includes a net charge of £12.6m (2019: £6.0m) reflecting the increased risk of credit losses as a result of the impact of the Covid-19 pandemic. The total net impairment losses on trade receivables during the year were £15.9m comprising the net charge of £12.6m relating to the trade receivables provision and a £3.3m charge relating to the write-off of gross trade receivable balances not previously provided for.

14 Trade and other payables – current

	2020 £m	2019 £m
Trade payables	**1,080.4**	1,067.9
Other tax and social security contributions	**34.0**	23.7
Other payables	**235.8**	151.2
Accruals and contract liabilities	**486.1**	260.0
	1,836.3	1,502.8

The Group's contract liabilities are limited to deferred income of £82.9m (2019: £4.4m). This arises from contracts with customers in the form of consideration that has been received in advance of the satisfaction of performance obligations.

15 Risk management and financial instruments

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on average operating capital employed and the return on invested capital (as defined on page 158) as well as the level of total shareholders' equity and the amount of dividends paid to ordinary shareholders.

The principal covenant limits are net debt to EBITDA, calculated at average exchange rates and in accordance with the Group's external debt covenants, of no more than 3.5 times and interest cover of no less than 3.0 times. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt. Additionally, compliance with the Group's biannual debt covenants is monitored on a monthly basis and formally tested at 30 June and 31 December. During 2020 all covenants have been complied with and based on current forecasts it is expected that such covenants will continue to be complied with for the foreseeable future. Debt covenants are based on historical accounting standards.

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

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

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

Treasury policies and controls

The Group has a centralised treasury department to control external borrowings and manage liquidity, interest rate, foreign currency and credit risks. Treasury policies have been approved by the Board and cover the nature of the exposure to be hedged, the types of financial instruments that may be employed and the criteria for investing and borrowing cash. The Group uses derivatives to manage its foreign currency and interest rate risks arising from underlying business activities. No transactions of a speculative nature are undertaken. The treasury department is subject to periodic independent review by the internal audit department. Underlying policy assumptions and activities are periodically reviewed by the executive directors and 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 177.

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 2020 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.

15 Risk management and financial instruments continued

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

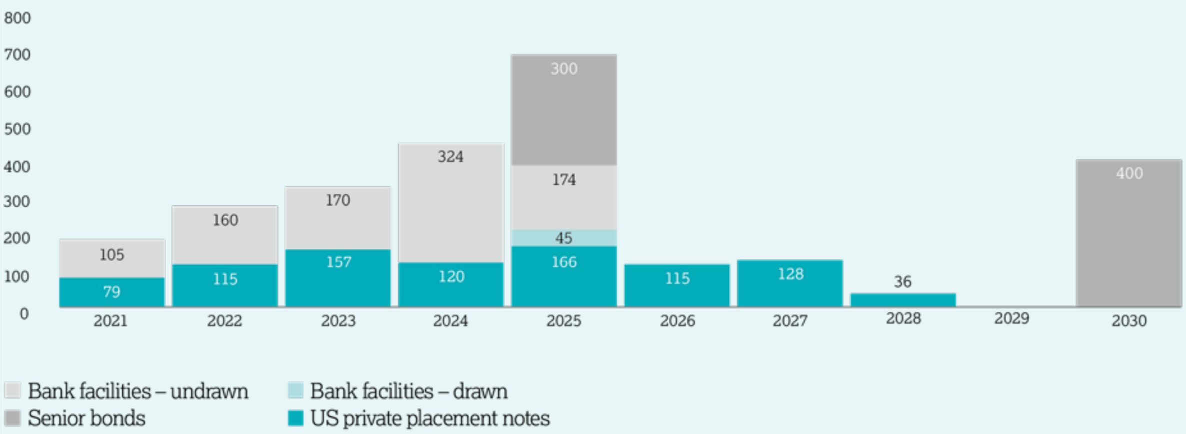
Loans, borrowings and net debt

	2020 £m	2019 £m
Bank overdrafts	**(514.6)**	(469.7)
Bank loans	**(0.5)**	(0.4)
US private placement notes	**(79.4)**	(83.3)
Borrowings due within one year	**(594.5)**	(553.4)
Bank loans	**(45.1)**	(63.1)
US private placement notes	**(874.8)**	(953.1)
Senior bonds	**(695.3)**	(298.0)
Borrowings due after one year	**(1,615.2)**	(1,314.2)
Derivatives managing the interest rate risk and currency profile of the debt	**10.4**	10.1
Gross debt	**(2,199.3)**	(1,857.5)
Cash at bank and in hand	**944.3**	610.5
Net debt excluding lease liabilities	**(1,255.0)**	(1,247.0)
Lease liabilities	**(497.5)**	(480.0)
Net debt including lease liabilities	**(1,752.5)**	(1,727.0)

Further information on the movement in net debt and lease liabilities is shown in Note 25.

The total available committed funding at 31 December 2020 was £2,594.3m (2019: £2,374.5m). The committed funding maturity profile at 31 December 2020 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:

	2020 £m	2019 £m
Expiring within one year	**105.0**	–
Expiring after one year but within two years	**160.0**	243.1
Expiring after two years	**668.0**	756.3
	933.0	999.4

In addition, the Group maintains overdraft and uncommitted facilities to provide short term flexibility. As at 31 December 2020 there were no loans secured by fixed charges on property (2019: none).

15 Risk management and financial instruments continued

Contractual maturity profile

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

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

	Contractual cash (outflows)/inflows				
2019	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	(469.7)	(469.7)	–	–	–
Bank loans	(67.1)	(1.2)	(1.0)	(64.9)	–
US private placement notes	(1,184.1)	(117.1)	(110.8)	(464.4)	(491.8)
Senior bond	(340.7)	(6.8)	(6.8)	(20.3)	(306.8)
Lease payments	(570.7)	(138.8)	(118.5)	(198.1)	(115.3)
Trade and other payables	(1,498.6)	(1,479.1)	(19.5)	–	–
	(4,130.9)	(2,212.7)	(256.6)	(747.7)	(913.9)
Derivative financial instruments					
Net settled:					
Interest rate swaps	12.3	1.6	1.6	4.8	4.3
Gross settled:					
Foreign exchange inflows	1,089.3	1,089.3	–	–	–
Foreign exchange outflows	(1,091.6)	(1,091.6)	–	–	–
	10.0	(0.7)	1.6	4.8	4.3
Total	(4,120.9)	(2,213.4)	(255.0)	(742.9)	(909.6)

15 Risk management and financial instruments continued

(b) Interest rate risk

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

The table below shows the fixed/floating rate debt mix after interest rate swaps. Of the US private placement notes of £954.2m (2019: £1,036.4m), there are US dollar denominated amounts totalling £100.4m (2019: £235.7m), with maturities ranging from 2026 to 2028, which have been swapped to floating rates using interest rate swaps which reprice every three or six months. Of the senior bonds of £695.3m (2019: £298.0m), an amount totalling £396.9m (2019: £nil), with a maturity of 2030, has been swapped to floating rates using interest rate swaps which reprice daily.

During 2020, £127.7m (2019: £137.9m) of interest rate swaps were terminated in line with the Group's interest rate risk management policy. This resulted in de-designation 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. At 31 December 2020 this remaining fair value adjustment on the US private placement notes was a credit of £25.1m (2019: £12.2m). In the consolidated cash flow statement the cash inflow of £15.1m (2019: £12.2m) from the cancellation of the interest rate swap is shown within increase in borrowings.

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

Bank loans are drawn for various periods of up to three months at interest rates linked to LIBOR.

Fixed vs floating interest rate table

	2020 £m	2019 £m
Fixed rate debt		
US private placement notes	**(954.2)**	(1,036.4)
Senior bonds	**(695.3)**	(298.0)
Total fixed rate debt	**(1,649.5)**	(1,334.4)
Interest rate swaps (fixed leg)	**497.3**	235.7
Fixed rate liability	**(1,152.2)**	(1,098.7)
Floating rate debt		
Bank overdrafts	**(514.6)**	(469.7)
Bank loans	**(45.6)**	(63.5)
Total floating rate debt	**(560.2)**	(533.2)
Interest rate swaps (floating leg)	**(497.3)**	(235.7)
Floating rate liability	**(1,057.5)**	(768.9)
Derivatives managing the interest rate risk and currency profile of the debt	**10.4**	10.1
Gross debt	**(2,199.3)**	(1,857.5)

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:

	2020	2019
Interest rate swaps		
Net carrying amount (asset) (£m)	**11.8**	11.5
Notional amount (£m)	**487.6**	223.5
Maturity date range	**2026–2030**	2026–2028
Hedge ratio	**1:1**	1:1
Fair value loss on US private placement notes and senior bond in a hedge relationship (£m)	**(15.2)**	(10.7)
Fair value gain on interest rate swaps in a hedge relationship (£m)	**15.4**	10.8

15 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
2020	**0.6**	**–**	**0.6**	**–**
2019	0.6	–	0.6	–

(c) Foreign currency risk

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

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2020	2019	2020	2019
US dollar	**1.28**	1.28	**1.37**	1.32
Euro	**1.12**	1.14	**1.12**	1.18

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

For the year ended 31 December 2020, all foreign exchange cash flow hedges were effective with a cumulative pre-tax loss of £5.3m (2019 cumulative pre-tax loss of £2.9m) recognised in equity at the end of the year and this will affect the income statement during 2021.

Effects of hedge accounting on the financial position and performance

	2020	2019
Forward foreign currency hedges in relation to inventory purchases		
Net carrying amount (liability) (£m)	**(5.3)**	(2.9)
Notional amount at 31 December 2020 (£m)	**143.9**	131.5
Maturity date range	**2021**	2020
Hedge ratio	**1:1**	1:1
Change in value of hedged items since 1 January (£m)	**2.4**	4.8
Change in fair value of outstanding foreign currency forward contracts since 1 January (£m)	**(2.4)**	(4.8)

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

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

	2020 £m	2019 £m
US dollar	**458.0**	485.3
Sterling	**308.5**	426.7
Euro	**398.4**	295.9
Other	**90.1**	39.1
	1,255.0	1,247.0

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

15 Risk management and financial instruments continued

Sensitivity to movements in foreign exchange rates

For the year ended 31 December 2020, a movement of one cent in the US dollar and euro average exchange rates would have changed profit before income tax by £2.0m and £1.2m respectively (2019: £1.7m and £0.8m) and adjusted profit before income tax by £2.5m and £1.5m respectively (2019: £2.0m and £1.2m).

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
2020	**0.4**	**(0.5)**	**(192.7)**	**200.9**
2019	1.7	(2.1)	(174.1)	205.0

(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 178) and trade and other receivables (see Note 13) 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 13 sets out an analysis of trade and other receivables and the provision for doubtful debts in respect of trade receivables.

At the balance sheet date there were no significant concentrations of credit risk (2019: none).

15 Risk management and financial instruments continued
Financial instruments
Financial assets and liabilities

	2020 £m	2019 £m
Financial assets held at amortised cost		
Cash at bank and in hand	**944.3**	610.5
Trade and other receivables	**1,299.7**	1,183.8
Financial assets held at fair value		
Interest rate derivatives in fair value hedges	**12.6**	11.5
Foreign exchange derivatives in cash flow hedges	**–**	0.3
Foreign exchange derivatives in net investment hedges	**4.6**	0.3
Other foreign exchange and interest rate derivatives	**12.4**	2.8
Total financial assets	**2,273.6**	1,809.2

	2020 £m	2019 £m
Financial liabilities held at amortised cost		
Bank overdrafts	**(514.6)**	(469.7)
Bank loans	**(45.6)**	(63.5)
US private placement notes	**(954.2)**	(1,036.4)
Senior bonds	**(695.3)**	(298.0)
Lease liability	**(497.5)**	(480.0)
Trade and other payables	**(1,793.6)**	(1,495.4)
Financial liabilities held at fair value		
Interest rate derivatives in fair value hedges	**(0.8)**	–
Foreign exchange derivatives in cash flow hedges	**(5.3)**	(3.2)
Foreign exchange derivatives in net investment hedges	**(16.3)**	(3.8)
Other foreign exchange derivatives	**(2.0)**	(0.7)
Other payables	**(58.9)**	(3.2)
Total financial liabilities	**(4,584.1)**	(3,853.9)

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

As at 31 December 2020 the fair values, based on unadjusted market data, of the US private placement notes was £991.9m (2019: £1,069.4m) and of the senior bonds was £731.6m (2019: £306.7m).

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.

15 Risk management and financial instruments continued

Offsetting of financial assets and liabilities

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

2020	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	**29.6**	**–**	**29.6**	**(19.4)**	**10.2**
Derivative financial liabilities	**(24.4)**	**–**	**(24.4)**	**19.4**	**(5.0)**
2019					
Derivative financial assets	14.9	–	14.9	(1.9)	13.0
Derivative financial liabilities	(7.7)	–	(7.7)	1.9	(5.8)

16 Provisions

	2020 £m	2019 £m
Current	**8.5**	6.5
Non-current	**55.7**	33.9
	64.2	40.4

	2020				2019			
	Properties £m	MEPP withdrawal £m	Other £m	Total £m	Properties £m	MEPP withdrawal £m	Other £m	Total £m
Beginning of year	**18.7**	**–**	**21.7**	**40.4**	18.7	–	28.7	47.4
Charge	**5.9**	**16.4**	**2.6**	**24.9**	0.6	–	1.1	1.7
Acquisitions	**1.0**	**–**	**3.4**	**4.4**	0.3	–	1.1	1.4
Utilised or released	**(1.7)**	**–**	**(2.5)**	**(4.2)**	(0.2)	–	(8.4)	(8.6)
Currency translation	**0.4**	**(1.1)**	**(0.6)**	**(1.3)**	(0.7)	–	(0.8)	(1.5)
End of year	**24.3**	**15.3**	**24.6**	**64.2**	18.7	–	21.7	40.4

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 22 for further details.

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

17 Deferred tax

	2020			2019		
	Asset £m	Liability £m	Net £m	Asset £m	Liability £m	Net £m
Property, plant and equipment	**1.2**	**(10.6)**	**(9.4)**	1.2	(10.8)	(9.6)
Defined benefit pension schemes	**11.4**	**(0.1)**	**11.3**	7.6	(1.9)	5.7
Goodwill and customer relationships	**3.2**	**(160.4)**	**(157.2)**	3.9	(166.5)	(162.6)
Share based payments	**7.1**	**–**	**7.1**	5.4	–	5.4
Leases	**7.1**	**(0.1)**	**7.0**	7.4	–	7.4
Provisions and accruals	**33.2**	**(2.0)**	**31.2**	25.3	(0.5)	24.8
Inventories	**10.5**	**(10.4)**	**0.1**	7.0	(8.6)	(1.6)
Other	**10.7**	**(3.4)**	**7.3**	8.7	(2.0)	6.7
Deferred tax asset/(liability)	**84.4**	**(187.0)**	**(102.6)**	66.5	(190.3)	(123.8)
Set-off of tax	**(81.9)**	**81.9**	**–**	(62.8)	62.8	–
Net deferred tax asset/(liability)	**2.5**	**(105.1)**	**(102.6)**	3.7	(127.5)	(123.8)

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 £0.6m which has been provided for.

Deferred tax assets in respect of temporary differences have only been recognised in respect of tax losses and other temporary differences where it is probable that these assets will be realised. No deferred tax asset has been recognised in respect of unutilised tax losses of £6.2m (2019: £14.6m).

No deferred tax has been recognised in respect of unutilised capital losses of £94.6m (2019: £94.7m) 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:

	2020 £m	2019 £m
Beginning of year	**123.8**	149.7
Impact of transition to IFRS 16	**–**	(7.6)
Restated net deferred tax liability at beginning of year	**123.8**	142.1
Acquisitions	**6.6**	1.2
Credit to income statement	**(22.9)**	(10.9)
Recognised in other comprehensive income and equity	**(4.3)**	(2.5)
Reclassified to current tax	**0.9**	0.3
Currency translation	**(1.5)**	(6.4)
End of year	**102.6**	123.8

18 Share capital and share based payments

	2020 £m	2019 £m
Issued and fully paid ordinary shares of 32⁴⁄₇p each	**108.3**	108.3

Number of ordinary shares in issue and fully paid	2020	2019
Beginning of year	**336,792,607**	336,425,304
Issued – option exercises	**206,354**	367,303
End of year	**336,998,961**	336,792,607

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 Sharesave Scheme (2011), was approved by shareholders at the 2011 Annual General Meeting. It is an HMRC tax advantaged scheme and is open to all UK employees, including UK based executive directors.

The Irish Sharesave Plan, which is approved by the Irish Revenue Commissioners, and the International Sharesave Plan, were first introduced in 2006 and have since been extended, most recently following the approval of the Sharesave Scheme (2011).

The Sharesave Scheme, International Sharesave Plan and 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 (2019: £500) per month (or the equivalent value in other currencies under the International Sharesave Plan) or €500 (2019: €500) per month under the Irish Sharesave Plan.

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

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

Part B of the LTIP relates to the grant of performance share awards which are conditional rights to receive shares in the Company for nil consideration. A performance share award will usually vest (i.e. become exercisable) on the third anniversary of its grant. The extent to which a performance share award will vest is usually subject to the extent to which the applicable performance conditions have been satisfied, based partly on the Company's total shareholder return performance, relative to a comparator group of companies over a three year period, and partly subject to the Company's adjusted earnings per share growth exceeding UK RPI inflation over three years by a specified margin (for the 2004 LTIP) or meeting certain specified targets (for the 2014 LTIP).

Investment in own shares
The Company holds a number of its ordinary shares in an employee benefit trust. The principal purpose of this trust is to hold shares in the Company for subsequent transfer to certain senior employees and executive directors in relation to options granted and awards made under the LTIPs and the Deferred Annual Share Bonus Scheme ('DASBS') over market purchase shares. Details of these plans are set out above and in the Directors' remuneration report. The assets, liabilities and expenditure of the trust have been incorporated in the consolidated financial statements. Finance expenses and administration charges are included in the income statement on an accruals basis. As at 31 December 2020 the trust held 3,006,186 (2019: 3,383,452) shares, upon which dividends have been waived, with an aggregate nominal value of £1.0m (2019: £1.1m) and market value of £73.4m (2019: £69.9m).

18 Share capital and share based payments continued

IFRS 2 disclosures

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

	2020	2019
Grant date	**10.03.20–30.10.20**	28.02.19–07.10.19
Share price at grant date (£)	**15.55–25.21**	20.19–25.51
Exercise price (£)	**nil–23.92**	nil–24.41
Number of options granted during the year (shares)	**3,418,392**	3,457,106
Vesting period (years)	**3–5.2**	1–5
Expected volatility (%)	**18–24**	17–19
Option life (years)	**3.0–10**	0.7–10
Expected life (years)	**3.0–6.7**	0.7–6.3
Risk free rate of return (%)	**0.0–0.2**	0.3–1.0
Expected dividends expressed as a dividend yield (%)	**2.1–3.3**	2.0–2.5
Fair value per option (£)	**1.34–22.34**	1.95–23.84

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 £24.29 (2019: £23.76). The total charge for the year relating to share based payments was £14.9m (2019: £13.5m). After tax the total charge was £11.2m (2019: £13.5m).

Details of share options and awards which have been granted and exercised, those which have lapsed during 2020 and those outstanding and available to exercise at 31 December 2020, whether over new issue or market purchase shares, under the Sharesave Scheme (2011), International Sharesave Plan, Irish Sharesave Plan, the 2004 LTIP Part A and Part B and 2014 LTIP Part A and Part B, are set out in the following table:

	Options outstanding at 01.01.2020	Grants/awards 2020		Exercises 2020		Lapses* 2020	Options outstanding at 31.12.20		Options available to exercise at 31.12.20
	Number	Number	Price (£)	Number	Price (£)	Number	Number	Price (£)	Number
Sharesave Scheme (2011)	675,527	238,761	15.28	101,349	15.28-19.16	163,411	649,528	15.28–19.16	9,816
International Sharesave Plan	266,497	91,392	15.28	41,099	15.64-19.16	49,297	267,493	15.28-19.16	–
Irish Sharesave Plan	42,309	9,518	15.28	2,594	15.64-18.68	9,878	39,355	15.28-19.16	182
2004 LTIP Part A	1,119,025			556,690	6.77-15.66		562,335	8.13-15.66	562,335
2004 LTIP Part B	4,441			4,441	nil			nil	
2014 LTIP Part A	9,781,485	2,442,954	18.40-23.92	1,553,494	16.38-24.01	556,879	10,114,066	16.38-24.41	3,377,098
2014 LTIP Part B	1,281,682	635,767	nil	191,722	nil	246,637	1,479,090	nil	51,662
	13,170,966	**3,418,392**		**2,451,389**		**1,026,102**	**13,111,867**		**4,001,093**

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

For the options outstanding at 31 December 2020, the weighted average fair values and the weighted average remaining contractual lives (being the time period from 31 December 2020 until the lapse date of each share option) are set out below:

	Weighted average fair value of options outstanding (£)	Weighted average remaining contractual life (years)
Sharesave Scheme (2011)	3.92	2.06
International Sharesave Plan	4.14	1.77
Irish Sharesave Plan	4.44	1.55
2004 LTIP and 2014 LTIP Part A	2.78	7.40
2004 LTIP and 2014 LTIP Part B	13.14	4.61

The outstanding share options and performance share awards are exercisable at various dates up to September 2030.

19 Dividends

	2020 £m	2019 £m
2018 interim		50.7
2018 final		116.6
2019 interim	**51.7**	
2019 additional interim*	**119.8**	
Total	**171.5**	167.3

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

	Per share	
	2020	2019
Interim	**15.8p**	15.5p
Final*	**38.3p**	35.8p
Total	**54.1p**	51.3p

The 2020 interim dividend of 15.8p per share was paid on 7 January 2021 and comprised £52.8m of cash. The 2020 final dividend of 38.3p per share will be paid on 1 July 2021 to shareholders on the register at the close of business on 21 May 2021. The 2020 final dividend will comprise approximately £128m of cash.

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

20 Contingent liabilities

	2020 £m	2019 £m
Bank guarantees	**1.3**	2.2

In addition see Note 7 on page 165 for details of the separate contingent liability relating to the Commission's decision that part of the UK's tax regime is contrary to European State aid provisions.

21 Directors' ordinary share interests

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

	2020	2019
Peter Ventress	**2,608**	–
Frank van Zanten	**122,428**	104,438
Richard Howes	**8,363**	–
Vanda Murray	**3,000**	3,000
Lloyd Pitchford	**4,000**	4,000
Stephan Nanninga	**–**	–
Vinodka Murria*	**–**	–
Maria Fernanda Mejía◊	**–**	–
	140,399	111,438

* Vinodka Murria was appointed as a director of the Company on 1 June 2020.
◊ Maria Fernanda Mejía was appointed as a director of the Company on 23 December 2020.

Details of the directors' options and awards over ordinary shares made under the 2014 LTIP, Sharesave Scheme (2011) and DASBS are set out in the Directors' remuneration report. No changes to the directors' ordinary share interests shown in this Note and the Directors' remuneration report have taken place between 31 December 2020 and 1 March 2021.

22 Retirement benefits

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

Characteristics of defined benefit pension schemes

UK

The UK defined benefit scheme is a contributory defined benefit pension scheme providing benefits based on final pensionable pay. The scheme has been closed to new members since 2003. The valuation of the UK defined benefit pension scheme has been updated to 31 December 2020 by the Group's actuaries.

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

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

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

The last full triennial valuation on the UK defined benefit pension scheme was carried out by a qualified actuary as at 5 April 2018 and showed that there was a deficit on the agreed funding basis. To address the deficit, the Company has agreed to contribute an additional £5.5m per year from April 2016 to 30 June 2022.

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 2020 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 2020 and showed that there was a required annual contribution of $7.1m. In 2021, the Group plans to contribute $8.0m for the 2020 plan year to cover prudently this required contribution and anticipate future funding needs. In 2020, the Group also paid a contribution of $8.0m for the 2019 plan year. The annual review as at 1 January 2021 is ongoing.

Risks

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

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

22 Retirement benefits continued

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

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

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

Financial information

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

Amounts included in the income statement	2020 £m	2019 £m
Defined contribution pension schemes	**22.0**	25.1
Defined benefit pension schemes		
current service cost (net of contributions by employees)	**6.2**	5.2
Total included in employee costs excluding past service cost	**28.2**	30.3
Defined benefit pension schemes		
past service cost	**0.4**	–
Total included in employee costs	**28.6**	30.3
Amounts included in finance (income)/expense		
Net interest income on defined benefit pension schemes in surplus	**(0.3)**	(0.2)
Net interest expense on defined benefit pension schemes in deficit	**1.0**	1.3
Total charge to the income statement	**29.3**	31.4

Amounts recognised in the statement of comprehensive income	2020 £m	2019 £m
Actual return less expected return on pension scheme assets	**57.9**	68.9
Experience gain on pension scheme liabilities	**2.0**	1.3
Impact of changes in financial assumptions relating to the present value of pension scheme liabilities	**(77.4)**	(79.1)
Impact of changes in demographic assumptions relating to the present value of pension scheme liabilities	**1.3**	0.6
Actuarial loss on defined benefit pension schemes	**(16.2)**	(8.3)

The cumulative amount of net actuarial losses arising since 1 January 2004 recognised in the statement of comprehensive income at 31 December 2020 was £116.0m (2019: £99.8m).

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

UK	2020	2019
Longevity at age 65 for current pensioners (years)	**22.0**	22.0
Longevity at age 65 for future pensioners (years)	**23.4**	23.4
US		
Longevity at age 65 for current and future pensioners (years)	**21.4**	21.6

	UK			US		
	2020	2019	2018	2020	2019	2018
Rate of increase in salaries	**3.4%**	3.4%	3.6%	**3.0%**	3.0%	3.0%
Rate of increase in pensions	**2.4%**	2.2%	2.2%	**–**	–	–
Discount rate	**1.4%**	2.1%	2.9%	**2.3%**	3.1%	4.2%
Inflation rate	**2.4%**	2.2%	2.2%	**2.3%**	2.3%	2.3%

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

22 Retirement benefits continued

The (increase)/decrease that would arise on the overall net pension deficit as at 31 December 2020 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	**(16.2)**	**16.5**	**(11.6)**	**10.8**	**20.5**	**(21.9)**
US	**(4.8)**	**4.9**	**(0.1)**	**0.1**	**4.3**	**(4.5)**

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

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

2019	UK £m	US £m	Other £m	Total £m
Equities	129.9	57.2	5.8	192.9
Bonds	259.6	50.9	6.0	316.5
Other	0.5	13.4	13.3	27.2
Total market value of pension scheme assets	390.0	121.5	25.1	536.6
Present value of funded obligations	(379.2)	(140.2)	(28.9)	(548.3)
Present value of unfunded obligations	–	(11.9)	(12.4)	(24.3)
Present value of funded and unfunded obligations	(379.2)	(152.1)	(41.3)	(572.6)
Defined benefit pension schemes in deficit	–	(30.6)	(16.2)	(46.8)
Defined benefit pension schemes in surplus	10.8	–	–	10.8
Total surplus/(deficit) before tax	10.8	(30.6)	(16.2)	(36.0)
Deferred tax	(1.9)	3.1	4.5	5.7
Total surplus/(deficit) after tax	8.9	(27.5)	(11.7)	(30.3)

Of the pension scheme assets, £566.6m (2019: £512.3m) are valued based on a quoted market prices.

Movement in net deficit	2020 £m	2019 £m
Beginning of year	**(36.0)**	(38.5)
Current service cost	**(6.2)**	(5.2)
Past service cost	**(0.4)**	–
Contributions	**14.6**	14.9
Net interest expense	**(0.7)**	(1.1)
Actuarial loss	**(16.2)**	(8.3)
Currency translation	**0.1**	2.2
End of year	**(44.8)**	(36.0)

22 Retirement benefits continued

Changes in the present value of defined benefit pension scheme liabilities	2020 £m	2019 £m
Beginning of year	**572.6**	507.7
Current service cost	**6.2**	5.2
Past service cost	**0.4**	–
Interest expense	**12.9**	15.8
Contributions by employees	**0.6**	0.7
Actuarial loss	**74.1**	77.2
Benefits paid	**(26.1)**	(25.7)
Currency translation	**(3.6)**	(8.3)
End of year	**637.1**	572.6

Changes in the fair value of defined benefit pension scheme assets	2020 £m	2019 £m
Beginning of year	**536.6**	469.2
Interest income	**12.2**	14.7
Actuarial gain	**57.9**	68.9
Contributions by employer	**14.6**	14.9
Contributions by employees	**0.6**	0.7
Benefits paid	**(26.1)**	(25.7)
Currency translation	**(3.5)**	(6.1)
End of year	**592.3**	536.6

The actual return on pension scheme assets was a gain of £70.1m (2019: gain of £83.6m).

The Group expects to pay approximately £15.3m in contributions to the defined benefit pension schemes in the year ending 31 December 2021 (expected as at 31 December 2019 for the year ending 31 December 2020: £15.3m) including £7.0m for the UK (expected as at 31 December 2019 for the year ending 31 December 2020: £7.0m).

The weighted average duration of the defined benefit pension scheme liabilities at 31 December 2020 was approximately 19.4 years (2019: 19.1 years) for the UK and 11.7 years (2019: 11.7 years) for the US.

The total defined benefit pension scheme liabilities are divided between active members (£206.8m (2019: (£193.0m)), deferred members (£204.2m (2019: £174.9m)) and pensioners (£226.1m (2019: £204.7m)).

Multi-employer pension plans

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

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

During the year the Group reviewed its exposure to the six MEPPs in which it participated and determined that it was in its best interests to serve notice to withdraw from three of the plans due to their critical funding status. The Group served notice to withdraw from these three plans during the year and in so doing became liable to pay withdrawal liabilities for these plans. In accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', an estimated withdrawal liability for these three plans of $21.0m (£16.4m) was recognised during the year in non-recurring pensions scheme charges, with a provision carried forward of £15.3m as at 31 December 2020, as shown in Note 16.

The Group continues to participate in the other three MEPPs and continues to account for these as defined contribution plans with the combined ongoing annual contributions for the three plans in 2021 expected to be no more than £2m per annum.

Guaranteed minimum pension equalisation on transfer values

During the year the Group has recognised a charge of £0.4m in non-recurring pensions scheme charges relating to the equalisation of guaranteed minimum pension ('GMP') between male and female members on historical transfer values out of the Group's UK defined benefit pension schemes following the outcome of the High Court judgment in November 2020 in the Lloyds Banking Group Trustees case.

23 Directors and employees

Number of employees	Closing 2020	Closing 2019	Average 2020	Average 2019
North America	**7,618**	6,699	**7,078**	6,746
Continental Europe	**5,151**	5,033	**5,042**	5,058
UK & Ireland	**3,671**	3,834	**3,808**	3,862
Rest of the World	**3,348**	3,226	**3,248**	3,257
	19,788	18,792	**19,176**	18,923
Corporate	**65**	65	**63**	61
	19,853	18,857	**19,239**	18,984

Employee costs	2020 £m	2019 £m
Wages and salaries	**801.2**	742.0
Social security costs	**90.8**	88.0
Pension costs excluding past service cost	**28.2**	30.3
Share based payments	**14.9**	13.5
	935.1	873.8
GMP equalisation charge	**0.4**	–
MEPP withdrawal liability charge	**16.4**	–
	951.9	873.8

In addition to the above, acquisition related items for the year ended 31 December 2020 include deferred consideration payments of £13.2m (2019: £13.3m) relating to the retention of former owners of businesses acquired.

Key management remuneration	2020 £m	2019 £m
Salaries and short term employee benefits	**7.1**	6.4
Share based payments	**2.5**	2.0
Retirement benefits	**0.7**	0.9
	10.3	9.3

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

Directors' emoluments	2020 £m	2019 £m
Non-executive directors	**0.7**	0.7
Executive directors:		
remuneration excluding performance related elements	**1.7**	1.9
annual bonus	**1.3**	1.2
	3.7	3.8

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 £0.1m (2019: £0.4m). The aggregate market value of performance share awards exercised by directors under long term incentive schemes during the year was £0.8m (2019: £0.7m). The aggregate market value of share awards exercised by directors under the DASBS was £0.2m (2019: £0.4m).

24 Lease liabilities

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

Movement in lease liabilities

	2020 £m	2019 £m
Beginning of year	**480.0**	–
Lease liabilities on transition to IFRS 16	**–**	498.3
Acquisitions (Note 26)	**35.2**	6.5
New leases	**100.1**	105.2
Interest charge in the year	**22.5**	23.3
Payment of lease liabilities	**(159.6)**	(151.6)
Remeasurement adjustments	**24.2**	14.4
Currency translation	**(4.9)**	(16.1)
End of year	**497.5**	480.0
Ageing of lease liabilities:		
Current lease liabilities	**129.1**	121.8
Non-current lease liabilities	**368.4**	358.2
End of year	**497.5**	480.0

As at 31 December 2020, the Group had £8.6m (2019: £33.2m) 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 2020. In relation to leases which are included in lease liabilities, there are potential further future cash flows of £26.5m (2019: £46.2m) if termination options are not exercised and extension options are exercised.

The cash outflow for low value and short term leases was £8.0m for the year ended 31 December 2020 (2019: £7.1m).

25 Cash and cash equivalents and net debt

	2020 £m	2019 £m
Cash at bank and in hand	**944.3**	610.5
Bank overdrafts	**(514.6)**	(469.7)
Cash and cash equivalents	**429.7**	140.8
Interest bearing loans and borrowings – current liabilities	**(79.9)**	(83.7)
Interest bearing loans and borrowings – non-current liabilities	**(1,615.2)**	(1,314.2)
Derivatives managing the interest rate risk and currency profile of the debt	**10.4**	10.1
Net debt excluding lease liabilities	**(1,255.0)**	(1,247.0)
Lease liabilities	**(497.5)**	(480.0)
Net debt including lease liabilities	**(1,752.5)**	(1,727.0)

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

	2020 £m	2019 £m
Cash at bank and in hand net of amounts in the cash pool	**475.3**	180.6
Bank overdrafts net of amounts in the cash pool	**(45.6)**	(39.8)
Cash and cash equivalents	**429.7**	140.8

25 Cash and cash equivalents and net debt continued

Movement in net debt

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

2019	Net debt £m	Cash and cash equivalents £m	Other components £m
Beginning of year excluding lease liabilities	(1,386.5)	144.2	(1,530.7)
Net cash inflow	99.1	14.5	84.6
Realised gains on foreign exchange contracts	13.6	–	13.6
Currency translation	26.8	(17.9)	44.7
End of year excluding lease liabilities	(1,247.0)	140.8	(1,387.8)
Lease liabilities	(480.0)	–	(480.0)
End of year including lease liabilities	(1,727.0)	140.8	(1,867.8)

The net cash outflow of £273.9m (2019: inflow of £84.6m) on other components of net debt comprises an increase in borrowings of £444.5m (2019: £75.5m), a repayment of borrowings of £133.5m (2019: £173.7m) and the impact of a realised loss of £37.1m on foreign exchange contracts (2019: gain of £13.6m).

26 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. There were no significant adjustments to the assets acquired and liabilities assumed in 2020 relating to acquisitions completed in 2019. At 31 December 2020 the allocation period for all acquisitions completed since 1 January 2020 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.

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

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

26 Acquisitions continued

2020

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

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

◊ Acquisition of 80% of share capital.
† Acquisition of 78.9% of share capital.

The acquisition of MCR Safety is considered to be individually significant due to its impact on intangible assets. The acquisition is therefore separately disclosed in the table below. Although the Joshen Paper & Packaging acquisition represents approximately 42% of the annualised revenue acquired during the year, it is a lower than average margin business and as a result accounts for only 11% of the total cash outflow in respect of acquisitions. In 2019 there were no individually significant acquisitions. A summary of the effect of acquisitions in 2020 and 2019 is shown below:

	MCR Safety £m	Other £m	2020 Total £m	2019 £m
Customer relationships	**104.5**	**67.7**	**172.2**	71.7
Brands	**13.7**	**–**	**13.7**	–
Property, plant and equipment and software	**6.5**	**4.1**	**10.6**	1.2
Right-of-use assets	**18.0**	**17.2**	**35.2**	6.5
Inventories	**62.0**	**40.2**	**102.2**	25.9
Trade and other receivables	**35.0**	**54.6**	**89.6**	17.4
Trade and other payables	**(20.2)**	**(44.0)**	**(64.2)**	(10.8)
Net cash	**7.4**	**1.5**	**8.9**	1.1
Provisions	**(0.2)**	**(4.2)**	**(4.4)**	(1.4)
Lease liabilities	**(18.0)**	**(17.2)**	**(35.2)**	(6.5)
Income tax payable and deferred tax liabilities	**(0.1)**	**(9.8)**	**(9.9)**	(1.9)
Fair value of net assets acquired	**208.6**	**110.1**	**318.7**	103.2
Goodwill	**71.8**	**37.0**	**108.8**	39.8
Consideration	**280.4**	**147.1**	**427.5**	143.0
Satisfied by:				
cash consideration	**245.2**	**122.7**	**367.9**	138.6
deferred consideration	**35.2**	**24.4**	**59.6**	4.4
	280.4	**147.1**	**427.5**	143.0
Contingent payments relating to retention of former owners	**1.4**	**17.7**	**19.1**	13.4
Net cash acquired	**(7.4)**	**(1.5)**	**(8.9)**	(1.1)
Transaction costs and expenses	**2.1**	**5.2**	**7.3**	4.1
Total committed spend in respect of acquisitions completed in the current year	**276.5**	**168.5**	**445.0**	159.4
Spend on acquisitions committed at prior year end but completed in the current year	**–**	**–**	**–**	(35.1)
Total committed spend in respect of acquisitions agreed in the current year	**276.5**	**168.5**	**445.0**	124.3

26 Acquisitions continued

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

	MCR Safety £m	Other £m	2020 Total £m	2019 £m
Cash consideration	**245.2**	**122.7**	**367.9**	138.6
Net cash acquired	**(7.4)**	**(1.5)**	**(8.9)**	(1.1)
Deferred consideration payments	**–**	**4.2**	**4.2**	6.1
Net cash outflow in respect of acquisitions	**237.8**	**125.4**	**363.2**	143.6
Transaction costs and expenses paid	**1.3**	**5.8**	**7.1**	3.8
Payments relating to retention of former owners	**–**	**17.2**	**17.2**	15.4
Total cash outflow in respect of acquisitions	**239.1**	**148.4**	**387.5**	162.8

Acquisitions completed in the year ended 31 December 2020 contributed £356.0m (2019: £109.0m) to the Group's revenue and £22.5m (2019: £14.5m) to the Group's adjusted operating profit for the year ended 31 December 2020.

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

	2020 £m	2019 £m
Revenue	**601.8**	136.7
Adjusted operating profit	**50.0**	17.0

The total amount of goodwill expected to be deductible for tax purposes in relation to acquisitions completed during the year is £78.6m (2019: £29.8m).

2019

Summary details of the businesses acquired or agreed to be acquired during the year ended 31 December 2019 are shown in the table below:

Business	Sector	Country	Acquisition date 2019	Annualised revenue £m
Volk do Brasil*	Safety	Brazil	2 January	40.1
Liberty Glove & Safety	Safety	US	21 February	73.4
Coolpack	Foodservice	Netherlands	4 April	3.1
FRSA◊	Safety	Australia	29 November	20.1
Acquisitions completed in 2019				**136.7**
Volk do Brasil*	Safety	Brazil	2 January	(40.1)
Acquisitions agreed in 2019				**96.6**

* Acquisition committed at 31 December 2018.
◊ Acquisition of 80% of share capital.

27 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	2020 £m	2019 £m
Depreciation of right-of-use assets	**134.8**	128.1
Other depreciation and software amortisation	**36.9**	31.9
	171.7	160.0

Other non-cash items	2020 £m	2019 £m
Share based payments	**14.9**	13.5
Provisions	**4.7**	(6.3)
Retirement benefit obligations	**(8.4)**	(9.7)
Other	**2.0**	(1.0)
	13.2	(3.5)

Working capital movement	2020 £m	2019 £m
(Increase)/decrease in inventories	**(192.5)**	15.2
(Increase)/decrease in trade and other receivables	**(81.0)**	38.9
Increase/(decrease) in trade and other payables	**278.5**	(49.8)
	5.0	4.3

28 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 22 and Note 23 respectively. All transactions with subsidiaries are eliminated on consolidation.

COMPANY BALANCE SHEET
at 31 December 2020

	Notes	2020 £m	2019 £m
Fixed assets			
Property, plant and equipment	3	**0.4**	0.2
Right-of-use assets	4	**0.7**	1.2
Intangible assets	3	**1.1**	1.1
Investments	5	**718.4**	707.0
		720.6	709.5
Current assets			
Deferred tax asset	6	**1.8**	–
Defined benefit pension asset	11	**0.4**	10.8
Debtors: amounts falling due after more than one year	7	**837.9**	837.9
Debtors: amounts falling due within one year	7	**647.7**	571.9
Cash at bank and in hand		**0.2**	0.7
		1,488.0	1,421.3
Current liabilities			
Creditors: amounts falling due within one year	8	**(98.1)**	(116.9)
Deferred tax liability	6	**–**	(0.5)
Lease liabilities	10	**(0.7)**	(0.7)
Net current assets		**1,389.2**	1,303.2
Total assets less current liabilities		**2,109.8**	2,012.7
Non-current liabilities			
Provisions	9	**(1.6)**	(1.7)
Lease liabilities	10	**(0.2)**	(0.9)
Net assets		**2,108.0**	2,010.1
Capital and reserves			
Share capital	12	**108.3**	108.3
Share premium		**187.7**	184.0
Other reserves		**5.6**	5.6
Capital redemption reserve	13	**16.1**	16.1
Profit and loss account†	13	**1,790.3**	1,696.1
Total shareholders' funds		**2,108.0**	2,010.1

Approved by the Board of directors of Bunzl plc (Company registration number 358948) on 1 March 2021 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 195 to 200 form part of these financial statements.

† Profit and loss account includes a net profit after tax for the year of £268.1m (2019: £35.0m). 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 2020

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

	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 31 December 2018	108.1	178.5	5.6	16.1	(63.9)	1,903.5	2,147.9
Impact of transition to IFRS 16						(0.3)	(0.3)
Restated equity at 1 January 2019	108.1	178.5	5.6	16.1	(63.9)	1,903.2	2,147.6
Profit for the year						35.0	35.0
Other comprehensive income							
Contributions to pension scheme by participating subsidiaries						4.5	4.5
Actuarial gain on defined benefit pension scheme						2.2	2.2
Income tax charge on other comprehensive income						(0.4)	(0.4)
Total comprehensive income						41.3	41.3
2018 interim dividend						(50.7)	(50.7)
2018 final dividend						(116.6)	(116.6)
Issue of share capital	0.2	5.5					5.7
Employee trust shares					(30.4)		(30.4)
Movement on own share reserves					24.4	(24.4)	–
Share based payments						13.2	13.2
At 31 December 2019	108.3	184.0	5.6	16.1	(69.9)	1,766.0	2,010.1

NOTES TO THE COMPANY FINANCIAL STATEMENTS

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

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006 as applicable to companies using FRS 101. There are no new standards, amendments or interpretations that are applicable to the Company for the year ended 31 December 2020. In preparing these financial statements the Company has applied the exemptions available under FRS 101 in respect of:

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

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

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

2 Accounting policies
The accounting policies of the Company have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. In most cases the accounting policies for the Company are fully aligned with the equivalent accounting policies for the Group as stated on pages 151 to 157 in Note 2 to the consolidated financial statements. The accounting policies of the Company which are aligned with those of the Group are the policies for tangible assets, leases, intangible assets, income tax, trade and other payables, provisions, retirement benefits, investment in own shares, dividends and leases. The accounting policies that are specific to the Company are set out below.

a. Investment in subsidiary undertakings
Investments in subsidiary undertakings are held at cost less any provision for impairment. The subsidiary undertakings which the Company held at 31 December 2020 are disclosed in the Related undertakings Note in the Shareholder information section on pages 212 to 217.

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 18 to the consolidated financial statements and the Directors' remuneration report. The total expected expense is based on the fair value of options and other share based incentives on the grant date, calculated using a valuation model, and is spread over the expected vesting period with a corresponding credit to equity.

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

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

2 Accounting policies continued

d. Intercompany and other receivables

Intercompany and other receivables are initially measured at fair value. Subsequent to initial recognition these assets are measured at amortised cost less any provision for impairment losses. The Group measures impairment 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 (2019: 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 2020, the only source of estimation uncertainty that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the measurement of the defined benefit pension scheme liability which is explained in Note 2u to the consolidated financial statements.

3 Property, plant and equipment and intangible assets

	Short leasehold improvement £m	Fixtures, fittings and equipment £m	Total tangible assets £m	Total intangible assets £m
Cost				
Beginning of year	**0.1**	**1.4**	**1.5**	**1.9**
Additions	**–**	**0.3**	**0.3**	**0.2**
Disposals	**–**	**–**	**–**	**–**
End of year	**0.1**	**1.7**	**1.8**	**2.1**
Accumulated depreciation and amortisation				
Beginning of year	**0.1**	**1.2**	**1.3**	**0.8**
Disposals	**–**	**–**	**–**	**–**
Charge in year	**–**	**0.1**	**0.1**	**0.2**
End of year	**0.1**	**1.3**	**1.4**	**1.0**
Net book value at 31 December 2020	**–**	**0.4**	**0.4**	**1.1**
Net book value at 31 December 2019	–	0.2	0.2	1.1

4 Right-of-use assets: Property

Net book value	2020 £m	2019 £m
Beginning of year	**1.2**	–
Right-of-use assets on transition to IFRS 16	**–**	1.7
Depreciation charge in the year	**(0.5)**	(0.5)
End of year	**0.7**	1.2

5 Investments

Investments in subsidiary undertakings	2020 £m	2019 £m
Cost		
Beginning of year	**710.3**	699.2
Additions	**11.4**	11.1
End of year	**721.7**	710.3
Impairment provisions		
Beginning and end of year	**3.3**	3.3
Net book value at 31 December	**718.4**	707.0

6 Deferred tax asset/(liability)

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

	Defined benefit pension scheme £m	Share based payments £m	Other £m	Net deferred tax asset/ (liability) £m
1 January 2019	(0.6)	1.5	0.1	1.0
Impact of transition to IFRS 16	–	–	0.1	0.1
Recognised in profit or loss	(0.9)	–	–	(0.9)
Recognised in other comprehensive income or directly in equity	(0.4)	(0.3)	–	(0.7)
31 December 2019/1 January 2020	**(1.9)**	**1.2**	**0.2**	**(0.5)**
Recognised in profit or loss	**(0.2)**	**–**	**–**	**(0.2)**
Recognised in other comprehensive income or directly in equity	**2.0**	**0.5**	**–**	**2.5**
31 December 2020	**(0.1)**	**1.7**	**0.2**	**1.8**

No deferred tax asset has been recognised in respect of unutilised capital losses of £68.5m (2019: £68.5m).

7 Debtors

	2020 £m	2019 £m
Debtors: amounts falling due within one year		
Amounts owed by Group undertakings	**644.5**	568.7
Prepayments and other debtors	**3.2**	3.2
	647.7	571.9
Debtors: amounts falling due after more than one year		
Amounts owed by Group undertakings	**837.9**	837.9

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

8 Creditors: amounts falling due within one year

	2020 £m	2019 £m
Trade creditors	**0.7**	1.2
Amounts owed to Group undertakings	**82.1**	82.5
Other tax and social security contributions	**0.3**	0.3
Income tax payable	**0.5**	21.0
Accruals	**14.5**	11.9
	98.1	116.9

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

9 Provisions

	2020 £m	2019 £m
Beginning of year	**1.7**	1.7
Utilised or released	**(0.1)**	–
End of year	**1.6**	1.7

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

10 Lease liabilities

	2020 £m	2019 £m
Beginning of year	**(1.6)**	–
Lease liabilities on transition to IFRS 16	**–**	(2.3)
Interest charge in the year	**(0.1)**	(0.1)
Payments of lease liabilities	**0.8**	0.8
End of year	**(0.9)**	(1.6)
Ageing of lease liabilities:		
Current lease liabilities	**(0.7)**	(0.7)
Non-current lease liabilities	**(0.2)**	(0.9)
End of year	**(0.9)**	(1.6)

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 22 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	2020 £m	2019 £m
Current service cost (net of contributions by employees)	**2.2**	2.0
Past service cost	**0.4**	–
Net interest income	**(0.3)**	(0.2)
Contributions paid by participating subsidiaries linked to service	**(1.2)**	(1.3)
Total charge to profit for the year	**1.1**	0.5

11 Retirement benefits continued

Amounts recognised in other comprehensive income	2020 £m	2019 £m
Actual return less expected return on pension scheme assets	**44.6**	52.7
Experience gain on pension scheme liabilities	**–**	–
Impact of changes in assumptions relating to the present value of pension scheme liabilities	**(59.5)**	(50.5)
Actuarial (loss)/gain on defined benefit pension scheme	**(14.9)**	2.2
Contributions paid by participating subsidiaries not linked to service	**4.5**	4.5
Total (charge)/credit to other comprehensive income	**(10.4)**	6.7

Movement in defined benefit pension scheme surplus/(deficit)	2020 £m	2019 £m
Beginning of year	**10.8**	3.4
Current service cost	**(2.2)**	(2.0)
Past service cost	**(0.4)**	–
Contributions	**6.8**	7.0
Net interest income	**0.3**	0.2
Actuarial (loss)/gain	**(14.9)**	2.2
End of year	**0.4**	10.8

Changes in the present value of defined benefit pension scheme liabilities	2020 £m	2019 £m
Beginning of year	**379.2**	329.1
Current service cost	**2.2**	2.0
Past service cost	**0.4**	–
Interest expense	**7.9**	9.4
Contributions by employees	**0.5**	0.5
Actuarial loss	**59.5**	50.5
Benefits paid	**(11.8)**	(12.3)
End of year	**437.9**	379.2

Changes in the fair value of defined benefit pension scheme assets	2020 £m	2019 £m
Beginning of year	**390.0**	332.5
Interest income	**8.2**	9.6
Actuarial gain	**44.6**	52.7
Contributions by the Company	**1.1**	1.2
Contributions by participating subsidiaries	**5.7**	5.8
Contributions by employees	**0.5**	0.5
Benefits paid	**(11.8)**	(12.3)
End of year	**438.3**	390.0

The actual return on pension scheme assets was a gain of £52.8m (2019: gain of £62.3m). The market value of scheme assets and the present value of retirement benefit obligations at 31 December are detailed in Note 22 to the consolidated financial statements. The total defined benefit pension liability is divided between active members (£102.9m (2019: £86.2m)), deferred members (£172.9m (2019: £147.8m)) and pensioners (£162.1m (2019: £145.2m)).

12 Share capital

	2020 £m	2019 £m
Issued and fully paid ordinary shares of 32⁴⁄₇p each	**108.3**	108.3

Number of ordinary shares in issue and fully paid	2020	2019
Beginning of year	**336,792,607**	336,425,304
Issued – option exercises	**206,354**	367,303
End of year	**336,998,961**	336,792,607

13 Reserves

The capital redemption reserve of £16.1m (2019: £16.1m) as presented in the statement of changes in equity records the aggregate nominal value of treasury shares that have been cancelled.

The own shares reserve of £73.4m (2019: £69.9m) 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 18 to the consolidated financial statements.

The dividends paid and declared in the current and prior year are detailed in Note 19 to the consolidated financial statements.

14 Contingent liabilities

Borrowings by subsidiary undertakings totalling £1,661.3m (2019: £1,375.1m) 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 53 (2019: 53) and the aggregate employee costs relating to these persons were:

	2020 £m	2019 £m
Wages and salaries	**11.0**	9.2
Social security costs	**1.8**	1.4
Share based payments	**2.3**	1.1
Pension costs	**0.8**	1.0
	15.9	12.7

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 18 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 22 and Note 23 to the consolidated financial statements and the Related undertakings Note in the Shareholder information section on pages 212 to 217.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report, which includes the Directors' remuneration report and the financial statements, in accordance with applicable law and regulations.

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 International Accounting Standards ('IASs') in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union 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 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 the Company and of the profit or loss of the Group and the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether for the Group and the Company, IASs in conformity with the requirements of the Companies Act 2006 and, for the Group, IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRSs issued by the IASB have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

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

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

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

Each of the directors, whose names and functions are set out on pages 92 and 93 of the Annual Report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IASs in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union 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, financial position and profit of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Frank van Zanten
Chief Executive Officer
1 March 2021

Richard Howes
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUNZL PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- Bunzl plc's Group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 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 international accounting standards in conformity with the requirements 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, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company balance sheets as at 31 December 2020; the Consolidated income statement and Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 1 to the Group financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Separate opinion in relation to international financial reporting standards as issued by the International Accounting Standards Board

As explained in note 1 to the financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of Companies Act 2006, has also applied international financial reporting standards as issued by the International Accounting Standards Board.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards as issued by the International Accounting Standards Board.

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 to the Group.

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

Our audit approach

Overview

Audit scope	• We performed full scope audits and other procedures of the financial information of 80 components spread across 29 different countries across North America, Continental Europe, UK & Ireland and Rest of the World. • Specific audit procedures in relation to various Group activities, including consolidation, taxation, pensions, business combinations and the impairment of goodwill and intangible assets, were performed by the Group audit team centrally.
Key audit matters	• Carrying value of goodwill and other intangible assets (Group) • Provisions for corporate tax exposures (Group) • Accounting for business combinations (Group) • Valuation of defined benefit pension schemes (Group and Company) • Valuation of inventory provisions and expected credit loss provisions against trade receivables (Group) • Covid-19 (Group and Company)
Materiality	• Overall Group materiality: £30 million (2019: £29 million) based on 5% of adjusted profit before tax. • Overall Company materiality: £20 million (2019: £20 million) based on 1% of net assets. • Performance materiality: £22.5 million (Group) and £15 million (Company).

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential posting of inappropriate journal entries to manipulate financial results and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Enquiry of management, those charged with governance and the entity's in-house legal team around actual and potential litigation and claims.
- Reviewing minutes of meetings of those charged with governance including the Board, Audit committee and Executive committee.
- Reviewing internal audit reports.
- Assessment of matters reported on the Group's whistleblowing helpline.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

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.

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.

Valuation of inventory and expected credit loss provisions against trade receivables and Covid-19 are new key audit matters this year. Completeness and accuracy of lease liabilities and right-of-use assets, which was a key audit matter last year, is no longer included because of this risk being specific to the implementation of a new accounting standard in 2019. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill and other intangible assets (Group)	
Refer to page 111 (Audit Committee report), page 156 (Accounting policies) and pages 168 and 169 (Note 11). The Group has material goodwill balances of £1,494.6m (2019: £1,403.6m) and customer relationships intangible assets of £912.7m (2019: £864.9m) spread across multiple geographies and relating to multiple cash generating units ('CGUs'). In assessing whether the carrying amount of the goodwill assets has been impaired, management considers forecast cash flows of the 7 individual CGUs (and 11 previous CGUs) which are identified on a market or geographical basis. We focused our goodwill impairment procedures on the CGUs with the lowest levels of headroom between each respective value in use model and carrying value. We also focused our impairment procedures on circumstances where a triggering event on customer relationships intangible assets occurred during the year and where a further impairment assessment was performed by management. Management's impairment assessments involve significant estimation, principally relating to short and long-term revenue growth, future profitability and discount rates. Due to the acquisitive nature of the Group and the magnitude of the aggregated related goodwill and intangible assets, together with the subjectivity of the principal assumptions, a significant amount of audit effort was required, particularly as some of these assumptions are influenced by economic factors and trading conditions specific to individual businesses.	In our testing of management's annual goodwill and other intangible assets impairment calculations, we used valuation experts to assist our evaluation of the appropriateness of the discount rate used by management. We evaluated the reasonableness of the directors' cash flow forecasts by comparing the assumptions made to board approved budgets, historical performance and external economic data. In particular: • We determined that long-term growth rates are generally consistent when compared to third party nominal GDP rates; • We compared short term forecast growth rates to recent performance history and considered them to be acceptable; • We challenged the discount rate used to determine the present value by assessing the cost of capital for the Company and comparable organisations and considered them to be acceptable; • We obtained evidence to assess historical accuracy in management's forecasting process; and • We also evaluated management's triggering event assessment regarding customer relationships intangible assets. Management concluded that there is an impairment charge of £9.1m relating to the customer relationships intangible assets and a further £12.1m relating to goodwill in China. We concur with this assessment. Based on our sensitivity calculations, no other reasonable change in assumptions would lead to an impairment of goodwill or other intangible assets. Having ascertained the extent of changes in key assumptions either individually or collectively that would be required for goodwill and other intangible assets to be materially impaired, we considered such a change in those key assumptions to be unlikely.

Key audit matter	How our audit addressed the key audit matter
Provisions for corporate tax exposures (Group)	
Refer to page 112 (Audit Committee report), page 157 (Accounting policies) and page 165 (Note 7). The Group operates in a number of countries with complex taxation rules and regulations. The interpretation of these complex regulations and the unknown future outcome of pending judgements by the tax authorities result in the need to provide against a number of uncertain tax positions. We focused on this area because of the risk surrounding the level of estimation and judgement that is necessary in determining the provisions required. In particular, we focused on the impact of changes in local tax regulations and ongoing inspections by local tax authorities and international bodies, which could materially impact the amounts recorded in the Group financial statements. This included evaluating the impact of the European Commission's State aid investigation.	We assessed management's process for identifying uncertain tax positions and the related accounting policy of providing for tax exposures. We engaged our taxation specialists to assist us in challenging the appropriateness of management's judgements in relation to these positions and to understand the current status of tax assessments and investigations, including monitoring developments in ongoing disputes and regulatory changes. We read recent correspondence with local tax authorities to satisfy ourselves that the tax provisions had been appropriately recorded or adjusted to reflect the latest external developments. We also considered factors such as possible penalties and interest. We evaluated the consistency of management's approach to identifying triggering events to reassess or record a provision for an exposure. We also evaluated the consistency of management's approach to establishing or changing prior provision estimates and validated that changes in provisions established in previous periods reflected a change in facts and circumstances. These procedures assisted in our corroboration of management's assessment of potential tax exposures, the provisions recorded and disclosures made in the financial statements. We then determined whether the calculations were in line with the accounting standards and that the methodology and principles had been applied consistently. Based on the procedures performed, we determined the provisions reflect management's current best estimate of the expected economic outflows. We considered the appropriateness of the related disclosures in Note 7 to the financial statements. Based on the procedures performed, we noted no material issues arising from our work.
Accounting for business combinations (Group)	
Refer to page 111 (Audit Committee report), page 156 (Accounting policies) and pages 189 to 191 (Note 26). Given that the Group continues to make significant investment in acquisitions, accounting for business combinations is an area of focus due to the level of judgement involved. Business combinations can involve judgements in relation to the value of assets and liabilities that are recognised on acquisition, particularly the allocation of purchase consideration to goodwill and separately identified intangible assets. Our procedures in the year focussed on the MCR Safety acquisition given this was the most material acquisition in the year.	Management relies on external valuation specialists for larger acquisitions to value significant intangibles acquired in business combinations. Where management has relied on such specialists, with the support of our own valuation specialists, we assessed their objectivity and competence and tested the results of their work and found no material issues. We focused in particular on the following areas: • We challenged the methodology and key assumptions used in determining the value of the customer relationships assets for the more significant acquisitions; • We determined whether the cash flows applied within the valuation models and the key assumptions such as the discount rates, growth rates, customer attrition and period for amortisation, were appropriate and supported by historical data; and • We also evaluated the consideration paid or payable in respect of acquisitions. We did this by reading the acquisition contracts, vouching the consideration paid to cash outflows and testing the calculation of the deferred consideration by reference to the contract terms. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Valuation of defined benefit pension schemes (Group and Company)	
Refer to page 111 (Audit Committee report), page 156 (Accounting policies) and pages 183 to 186 (Note 22). The Group has defined benefit pension schemes (with material schemes in the US and the UK) with a combined net deficit of £44.8m. The gross assets and liabilities in the UK and US schemes are significant in the context of the Consolidated balance sheet. Management estimation is required in relation to the measurement of pension scheme obligations, and management employs independent actuarial experts to assist it in determining appropriate assumptions such as inflation levels, discount rates, salary increases and mortality rates. Movements in these assumptions can have a material impact on the determination of the liability and, therefore, the extent of any net surplus or deficit.	We used our own actuarial experts to satisfy ourselves that the assumptions used in calculating the US and UK pension scheme liabilities are appropriate, including confirming that salary increases were appropriate and that mortality rate assumptions were consistent with relevant benchmarks. We determined that the discount and inflation rates used in the valuation of the pension scheme liabilities were consistent with our internally developed benchmarks and, where available, with those disclosed in the published financial statements of other companies as at 31 December 2020. In each case we considered the assumptions made by management to be reasonable in light of the available evidence. We performed procedures to satisfy ourselves over the completeness and accuracy of the employee data used in the calculation. We have confirmed the pension asset valuations with third parties and independently assessed the valuation of a sample of these assets. We also obtained and assessed third party service organisation control reports where these were needed to support the valuation of more complex investments.
Valuation of inventory provisions and expected credit loss provisions against trade receivables (Group)	
Refer to page 112 (Audit Committee report), page 156 (Accounting policies) and pages 169 and 170 (Note 12 and 13). The Covid-19 pandemic has significantly increased the risk of loss on trade receivables and inventory particularly in the foodservice and retail businesses that have been impacted more heavily by the pandemic. The Group has seen an increase in slow moving inventory as a result of Covid-19 and the associated government measures which have reduced demand in a number of market sectors. We focused on this area because of the level of estimation and judgement that is necessary in determining the provisions required.	We assessed the basis for the inventory provisions, the consistency of provisioning in line with the Group's policy and the reasonableness of the overall provisioning in light of the impact of Covid-19. We did this through the following procedures: • We tested the completeness and the accuracy of the ageing of the reports used to calculate the provisions. • We tested that the calculation of provisions had been performed in accordance with the Group policy. • We understood management's process for identifying specific inventory requiring a provision and recalculated the provisions against this inventory using latest market prices and volume data. • We tested the net realisable value of a sample of inventory items to ensure that the listing of inventory requiring a provision identified was complete. We obtained an understanding of management's process in estimating the expected credit loss provision and the respective judgements. We considered the appropriateness of management's judgements in relation to these calculations by performing the following procedures: • reviewing the ageing categorisation of debtor balances; • assessing historical credit loss experience; • understanding and assessing the insolvencies in the period; and • consideration of forward-looking factors by assessing management's risk categorisation of customers in the food service and retail sectors. We determined whether the calculations were in line with the accounting standards and that the methodology and principles had been applied consistently. Based on the procedures performed, we determined that the provisions reflect management's current best estimate of the expected economic outflows. We also considered the appropriateness of the related disclosures in the financial statements. Based on the procedures performed, we noted no material issues arising from our work.

Key audit matter	How our audit addressed the key audit matter
Covid-19 (Group and Company)	
The Covid-19 pandemic has had a varied impact on the differing sectors and regions in the Group. The performance of the retail and foodservice sectors were more heavily impacted. As a result, the Covid-19 pandemic introduced increased estimation uncertainty in the following areas: • Impairment of goodwill and customer lists • Expected credit loss provisions against trade receivables • Inventory provisioning In addition, management's way of working, including the operation of controls, has been impacted by Covid-19 as a result of a large number of employees working remotely and using technology enabled working practices. Our own ways of working have also changed which has meant virtual review meetings, electronic review processes (instead of hardcopy reviews) and some inventory counts being performed using virtual technology tools.	In response to the key areas impacted by the Covid-19 pandemic, we have performed the following procedures: • Refer to our key audit matter called 'Carrying value of goodwill and other intangible assets' for details on procedures performed over the impairment of goodwill and other intangible assets. • Refer to our key audit matter called 'Valuation of inventory and expected credit loss provisions against trade receivables' for details on procedures performed over expected credit loss provisions against trade receivables. We considered the appropriateness of management's disclosures in its financial statements of the impact of the current environment and the increased uncertainty on its accounting estimates and found these to be adequate. Based on the work performed at a Group level and by our component teams we did not identify any evidence of a material deterioration in the control environment. All of our oversight procedures were undertaken remotely using video conferencing and remote workpaper reviews to satisfy ourselves as to the sufficiency of audit work performed at the significant and material components.

How we tailored the audit scope

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

We identified one financially significant component, being North America, where a full scope audit has been performed. We identified five components across the UK, France and Australia for which a full scope audit of their financial information has been performed. In order to satisfy the request of the Audit Committee and management, we performed full scope audits and other procedures on a further 74 components. The components where we performed audit procedures covered over 94% of Group revenue, adjusted profit before taxation and total assets.

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

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	£30 million (2019: £29 million).	£20 million (2019: £20 million).
How we determined it	Based on 5% of adjusted profit before tax	Based on 1% of net assets
Rationale for benchmark applied	Given that the Group's businesses are profit oriented and the directors use adjusted profit measures to assess the performance of the business, we believe that adjusted profit before tax is the best benchmark to use.	Considering the nature of the business and activities in Bunzl plc (holding activities) we use the Company net assets value as a basis for the calculation of the overall materiality level.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was up to £23.4 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £22.5 million for the Group financial statements and £15 million for the Company financial statements.

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1.5 million (Group audit) (2019: £1.5 million) and £1.5 million (company audit) (2019: £1.5 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- We assessed the appropriateness of the cash flow forecasts in the context of the Group's 2020 financial position and evaluated the directors' downside sensitivities against these forecasts
- We evaluated the key assumptions in the forecasts and considered whether these were supported by the evidence we obtained
- We examined the headroom under the base case cash flow forecasts, as well as the directors' and our own sensitised cases, and evaluated whether the directors' conclusion that headroom remained in all events was supported by the evidence we obtained
- We considered the impact of Covid-19 and Brexit including whether this was appropriately reflected in the going concern model
- We obtained the Group's covenant calculations and reperformed the calculation including applying sensitivities to assess the potential impact of downside sensitivities on covenant compliance.
- We also reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained.

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

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

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

In relation to the Company's 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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors' Remuneration

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

Corporate governance statement

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

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

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

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors’ responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 19 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 7 years, covering the years ended 31 December 2014 to 31 December 2020.

Neil Grimes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 March 2021

SHAREHOLDER INFORMATION

Related undertakings as at 31 December 2020

In accordance with section 409 of the Companies Act 2006 a full list of Bunzl plc's subsidiary undertakings and other shares held by the Company as at 31 December 2020 is disclosed below. The registered office address of each entity or, in the case of unincorporated entities, the principal place of business, is disclosed on pages 215 to 217. Unless otherwise stated the subsidiary undertakings listed are wholly owned and held indirectly by Bunzl plc with ordinary shares issued (or the equivalent of ordinary shares in the relevant country of incorporation). In some of the jurisdictions in which the Group operates share classes are not defined and in these instances, for the purposes of this disclosure, the shares issued have been classified as ordinary shares. Bunzl plc does not have any joint venture companies or associated undertakings.

Subsidiary undertakings	Registered office address
Argentina	
Vicsa Steelpro S.A.	1
Australia	
Atlas Health Care Pty Limited	6
Bunzl Australasia Limited	5
Bunzl Brands & Operations Pty Limited	4
Bunzl Catering Supplies Limited	6
Bunzl Food Processor Supplies Pty Limited	3
Bunzl Outsourcing Services Limited	6
Fire Rescue Safety Australia Pty Ltd (80%)	2
Interpath Services Pty. Ltd.	5
Network Packaging Pty Limited	4
Protect-A-Clean Pty Ltd	6
Robertsons Lifting & Rigging Pty Limited	4
Sanicare Australia Pty Limited	5
Star Wholesale Distribution Pty Limited	6
Worksense Workwear and Safety Pty Limited	4
Austria	
Bunzl Holdings Austria GmbH	7
Meier Verpackungen GmbH	7
Belgium	
Établissements Glorieux SA	8
King Belgium NV	12
Polaris Chemicals SPRL	10
Total Safety Supply Belgium BVBA	11
Varia-Pack NV	9
Brazil	
B2B Web Distribuicao De Produtos Ltda	17
Bunzl Armazenagem, Logística e Prestação de Serviços Administrativos Ltda.	22
Bunzl Equipamentos para Proteção Individual Ltda.	16
Dental Sorria Ltda.	18
DVT Comércio, Importação e Exportação Ltda.	20
Labor Import Comercial Importadora Exportadora Ltda	21
MCR Safety de Brasil Distribuiacao de Equipamentos	19
Medcorp Hospitalar Ltda	13
SP Equipamentos de Proteção ao trabalho e MRO Ltda.	14
VCH – Importadora, Exportadora e Distribuição de Produtos Ltda.	15
Canada	
8948399 Canada Inc. d/b/a Sur-Seal Packaging(iii)	23
Bunzl Canada, Inc.	24
Snelling Paper & Sanitation Ltd.(iii)	23

Subsidiary undertakings	Registered office address
Chile	
B2B Web Distribuicao de Produtos Chile SpA	25
Bunzl Chile Holdings SpA	25
DPS Chile Comercial Limitada	27
Tecno Boga Comercial Limitada	26
Vicsa Safety Comercial Limitada	25
China	
Beijing HSESF Safety Technology Co., Ltd.	33
Bunzl Trading (Shanghai) Limited	30
Diversified Distribution Systems Trading (Shanghai) Ltd.	37
Keenpac (Shenzhen) Trading Company Limited	39
MCR Safety Foshan South Co., Ltd.	38
MCR Safety Hangzhou Co., Ltd.	40
Shanghai BeiZhi Industrial Technology Co., LTD	32
Shanghai Cosafety Technology Co., Ltd.	29
Shanghai HSESF Safety Technology Co., Ltd.	28
Shanghai Mai Xi Protection Technology Co., Ltd.	36
Shanghai Yinghao Protection Technology Co., Ltd.	31
Suzhou Sai Wo Trading Co., Ltd.	41
Vicsa Commerce and Trading (Shanghai) Co., Ltd	35
Colombia	
B2B Web Distribuição De Produtos Colombia Spa S.A.S	42
Importadores Y Exportadores Solmaq SAS	42
MCR Safety Colombia S.A.S.	43
Vicsa Steelpro Colombia S.A.S.	44
Czech Republic	
Blyth s.r.o.	46
Bunzl CS s.r.o.	45
Denmark	
Bunzl Distribution Danmark A/S	47
Bunzl Holding Danmark A/S	47
Bunzl Properties Danmark A/S	47
Clean Care A/S	48
ICM A/S (78.9%)	49
MultiLine A/S	50
Saebe Compagniet ApS	51
France	
Alpes Entretien Distribution SAS	65
Blanc SAS	80
Bourgogne Hygiene Entretien SAS	79
Bunzl Catering Développement SAS	76
Bunzl Holdings France SAS	67
Comatec SAS	66
Comptoir de Bretagne SAS	76

Subsidiary undertakings	Registered office address
Daugeron & Fils SAS	68
Fichot Hygiene SAS	56
France Sécurité SAS	63
Gama 29 SAS	61
Générale Collectivités SAS	75
GM Equipement S.A.S.	52
Groupe Pierre Le Goff – Ile de France-Adage SAS	59
Groupe Pierre Le Goff Bourgogne Franche-Comte SAS	73
Groupe Pierre Le Goff Grand Ouest SAS	77
Groupe Pierre Le Goff Méditerranée SAS	62
Groupe Pierre Le Goff Rhône-Alpes Centre SAS	70
Groupe Pierre Le Goff Sud-Ouest SAS	69
Hedis SAS	54
Hygiadis SAS	58
Industrie du Compactage Alimentaire Hygiene ICA Hygiene L'image du Propre SAS	72
Keenpac France SAS	55
Ligne T SAS	60
Mat'hygiene SAS	64
Nicolas Entretien SAS	78
ORRU SAS	71
PLG Finances SAS	77
PLG Grand-Nord SAS	57
Prorisk S.A.S.	52
SCI des Saules SCI	58
Société Civile Immobilière Sainte Claire Deville SC	58
Sodiscol SAS	53
Sopecal Hygiene SAS	74
Germany	
Bäumer Betriebshygiene Vertriebsgesellschaft mbH(iii)	84
Bunzl Healthcare GmbH	83
Bunzl Healthcare Holding GmbH(iii)	81
Bunzl Holding GmbH(iii)	81
Bunzl Verpackungen GmbH	81
Majestic GmbH	85
PKA Klöcker Gmbh(iii)	82
Protemo GmbH	84
Hong Kong	
Bunzl Asia Limited(iii)	86
DDS of Hong Kong Limited	87
Keenpac Asia Limited	89
MCR Safety Asia Company Limited	88
Hungary	
Bunzl CEE Kft	91
Bunzl Magyarország Kft.	91
Ireland	
Abco Kovex Limited (80%)	92
Bunzl Finance Ireland Unlimited Company(ii)	92
Bunzl Hospitality Supplies Ireland Limited	92
Bunzl Ireland Limited	92
Latharna Ireland Finance No. 1 Unlimited Company	92
Latharna Ireland Finance No. 2 Unlimited Company	92
Thomas McLaughlin (Ireland) Limited	92
Yorse Ireland Unlimited Company	92

Subsidiary undertakings	Registered office address
Israel	
M.S. Global Limited	93
Meichaley Zahav Packages Ltd	94
Silco (Utensils) A.S. Limited(iii)	93
Italy	
B2B Distribution Italy Holdings S.r.l.	96
Keenpac Italia S.r.l.	95
Neri S.p.A.	96
Secure Service S.r.l.	97
Mexico	
Bunzl De Mexico SA de CV(ii)(iii)	98
Bunzl Servicios, SA. De CV	105
Cool Pak AG Packaging, S. de R. L. de C.V.	103
Cool Pak Exports S. de R.L. de C.V.	104
CP AG Servicios, S. de R.L. de C.V.	101
CRM de las Americas, S.A. de C.V.	99
Diversified DS of Mexico, S. De R.L. De C.V.	100
Espomega S. de R.L. de C.V.(iii)	107
Proepta, S.A. DE C.V.(iii)	106
Shelby Manufacturing De Mexico, S.A. DE C.V.	99
Steel pro S.A de C.V.(iii)	102
Web Distribucion Safety Mexico, S. de R.L. de C.V.	108
Netherlands	
Allshoes Benelux B.V.	109
Bunzl Outsourcing Services B.V.	118
Bunzl Verpakkingen Arnhem B.V.	112
Coolpack B.V.	111
De Ridder B.V.	115
King Nederland B.V.	114
Majestic Products B.V.	116
MCR Safety Europe B.V.	117
QS Nederland B.V. (85%)	110
Worldpack Trading B.V.	113
New Zealand	
Bunzl Outsourcing Services NZ Limited	120
Corded Strap (NZ) Limited	121
Fire Rescue Safety New Zealand Limited (80%)	120
ICB Cleaning Supplies Limited	119
Nelson Packaging Supplies Limited	121
Norway	
Art Trading AS	123
Culina AS	123
Enor AS	124
Riise & G G Storkjøkken AS	124
Skien Storkjøkken AS (51%)	122
Peru	
Vicsa Safety Peru S.A.C.	125
Puerto Rico	
Melissa Sales Corp.	126
Romania	
Bunzl Romania SRL	127
Singapore	
LSH Industrial Solutions Pte. Ltd	128
Slovakia	
Eurobal, spol. s.r.o.	129

Related undertakings continued

Subsidiary undertakings	Registered office address
Spain	
Bunzl Distribution Spain, S.A.U.	131
Bunzl Mallorca 2018, S.L.U.	132
Faru, S.L.U.	136
Guantes Juba, S.A.U.	137
Juba Personal Protective Equipment, S.L.U.	137
Lovilia Spain, S.L.U.	131
Marca Proteccion Laboral, S.L.U.	133
Marvel Proteccion Laboral, S.L.U.	134
Quirumed, S.L.U.	135
Tecnopacking, S.L.U.	130
Switzerland	
Distrimondo AG	140
Keenpac (Switzerland) SA	141
MMH Holding AG	140
Weita AG	139
Weita Holding AG	139
Weita Service AG	138
Turkey	
Bursa Pazarı İnşaat Sanayi Ve Ticaret Anonim Şirketi	142
İstanbul Ticaret Hırdavat Sanayi A.Ş.	144
İstanbul Ticaret İş Güvenliği ve Endüstriyel Sanayi Ürünler A.Ş	145
Kullanatmarket Elektronik Pazarlama Ticaret Anonim Şirketi	143
United Kingdom	
365 Healthcare Limited	148
Abco Kovex (N.I.) Limited (80%)	146
Abco Kovex (UK) Limited (80%)	148
Aggora (Technical) Limited(iii)	148
Aggora Group Ltd(iii)	148
Aggora Limited	148
Aggora Projects Ltd(iii)	148
Bodyguard Workwear Limited	148
Bunzl American Holdings (No.1) Limited	148
Bunzl American Holdings (No.2) Limited	148
Bunzl Finance Public Limited Company(i)	148
Bunzl Group Services Limited(i)	148
Bunzl Holding GTL Limited(i)	148
Bunzl Holding LCE Limited	148
Bunzl Overseas Holdings (No. 2) Limited(i)	148
Bunzl Overseas Holdings (No. 3) Limited(ii)	148
Bunzl Overseas Holdings (No.4) Limited	148
Bunzl Overseas Holdings Limited	148
Bunzl Pension Trustees Limited(i)	148
Bunzl Plastics Limited(i)	148
Bunzl Properties Limited(i)	148
Bunzl Retail & Healthcare Supplies Limited	148
Bunzl UK Limited	148
Catered 4 Limited	148
Classic Bag Company Holdings Limited	148
Continental Chef Supplies Limited	148
Dialene Limited	148
GrowModule 365 Limited	148
Guardsman Limited	148
Henares Limited(i)	148

Subsidiary undertakings	Registered office address
Howper 800 Limited(iii)	148
Kingsbury Packaging (Limavady) Ltd	146
Lee Brothers Bilston Limited	148
Lightning Packaging Supplies Limited	148
London Bio Packaging Limited	148
Packaging 2 Buy Limited	148
Parmelee Limited	147
Portabottle Limited	148
Portabrands Limited	148
Selectuser Limited(ii)	148
Spectrum Hygiene Limited(iii)	148
The Classic Printed Bag Company Limited	148
The Porta Group Limited	148
Tornado Gloves Limited	147
Tornado Holdings Limited	147
Tri-Star Packaging Supplies Limited	148
Woodway Packaging Limited	148
Woodway UK Limited	148
Woodway UK South Limited(iii)	148
Wycombe Marsh Paper Mills Limited(i)	148
Yorse No. 1 Limited	148
Yorse No. 3 Limited(i)	148
United States	
Arch Logistics, LLC	162
Bunzl Corporate Holdings, Inc.	162
Bunzl Distribution California, LLC	149
Bunzl Distribution Leasing, Inc.	153
Bunzl Distribution Midatlantic, LLC	155
Bunzl Distribution Midcentral, Inc.	162
Bunzl Distribution Northeast, LLC	162
Bunzl Distribution Oklahoma, Inc.	150
Bunzl Distribution Southeast, LLC	162
Bunzl Distribution Southwest, L.P.	152
Bunzl Distribution USA, LLC	149
Bunzl Holdings Inc.	149
Bunzl International Services, Inc.	149
Bunzl Mexican Holdings II, LLC	162
Bunzl Mexican Holdings, LLC	162
Bunzl Midatlantic, LLC	162
Bunzl Minneapolis, LLC	153
Bunzl North American Holdings, Inc.	149
Bunzl Northeast, LLC	162
Bunzl Processor Distribution, LLC	162
Bunzl Retail Services, LLC	149
Bunzl Retail, LLC	162
Bunzl Southwest Holdings, LLC	154
Bunzl US Holdings LLC	149
Bunzl USA Holdings LLC	149
Bunzl USA LLC	149
Bunzl Utah, LLC	151
Bunzl Western Holdings, Inc.	162
Cool-Pak, LLC	149
Destiny Packaging, LLC	149
Earthwise Bag Company, Inc.	156
Foodhandler Inc.	161
Green Source, LLC	162

Subsidiary undertakings	Registered office address
Hi-Valu, LLC	162
International Sourcing Company Inc.(iii)	157
John Tillman Company	149
Joshen Paper & Packaging Co.(iii)	159
Keenpac, LLC	162
Keepsafe, LLC	159
Liberty Glove & Safety, LLC	149
M.L. Kishigo Manufacturing Company, LLC	154
Masteragents LLC	162
MCR Holdings, Inc.	157
Papercraft Southwest, LLC	149
Prime Source, LLC	162
R3 Safety, LLC	162
R3, LLC	160
Revco Industries, Inc.(iii)	156
Right Choice Distribution, LLC	162
SAS Safety Corporation	149
Shelby Group International, Inc.(iii)	157
Steiner Industries, Inc.	163
TSN East, LLC	162
TSN West, LLC	162
U.S. Glove Co., Inc.	158
Uruguay	
Steelpro Safety S.A.	164

Other shareholdings	Registered office address
Viner-Pack Gyarto Kereskedelmi Es Szolgaltato Korlatolt Felelossegu Tarsasag(iii) (20%)	90
MCR Hanvo Safety Products (Nantong) Co., Ltd. (20%)	34

Classifications key

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

List of registered office addresses

Registered office address	Key
Maipú 1300, piso 13, Ciudad de Buenos Aires, Argentina	1
17 Millrose Drive, Malaga WA 6090, Australia	2
34-48 Cosgrove Road, Enfield NSW 2136, Australia	3
55 Sarah Andrews Close, Erskine Park NSW 2759, Australia	4
Level 2, 700 Springvale Road, Mulgrave VIC 3170, Australia	5
Unit 1, 52 Fox Drive, Dandenong South VIC 3175, Australia	6
Diepoldsauer Straße 37, 6845, Hohenems, Austria	7
1 Rue du Bois des Hospices, 2iémé étage, 7522 Tournai, Belgium	8
Aarschotsesteenweg 114 3012 Leuven (Wilsele), Belgium	9
Avenue Sabin 23, 1300 Wavre, Belgium	10
Oudenaardsesteenweg 19 9000 Ghent, Belgium	11
Rue du Cerf 190 1332 Genval, Belgium	12
Av. Fagundes de Oliveira 538, Warehouse A5, Piraporinha, Cidade de diadema, CEP, 09950-300, Brazil	13
Avenida do Cursino, 3.365 SL/06, Saúde, City of São Paulo, CEP, 04133-300, Brazil	14
Avenida Doutor Alberto Jackson Byington, 1435 Jardim Santa Fe, City of Osasco, São Paulo, CEP 06273-050, Brazil	15
Estrada Velha de Guarulhos – São Miguel, 5135, Box 301 – Jardim Arapongas, city of Guarulhos, São Paulo, CEP 07210-250, Brazil	16
Rua Cardeal Arcoverde, 2365, Andar 5, Conjunto 51, Pinheiros, CEP 05407-003, Brazil	17
Rua Crepusculo, No 58 Bairro California, City of Belo Horizonte, Minas Gerais, CEP 30855-435, Brazil	18
Rua Dr. Guilherme Bannitz, No. 126, 2nd floor, sets 21 and 22, District of Itaim Bibi, City of São Paulo, State of São Paulo, 04532-060, Brazil	19
Rua João Thomaz Pinto, No. 1570, Shed A, Modules 6, 7 and 8 Condominium Byblos, district of Canhanduba, City of Itajaí, State of Santa Catarina, 88.313-045, Brazil	20
Rua Padre Damaso 165, 173 e 187, Osasco, São Paulo, CEP 06016-010, Brazil	21
Rua Padre Damaso, 173 – Fundos, Centro, City of Osasco, CEP 06016-010, Brazil	22
Dentons Canada LLP, 2500-10220 103 Ave NW, Edmonton, Alberta T5J OK4, Canada	23
Parlee McLaws LLP, 3300 TD Canada Trust Tower, 421-7th Avenue, SW, Calgary AB T2P 4K9, Canada	24
Av. Presidente Eduardo Frei Montalva 5151, Conchalí, 8550678 Santiago, Chile	25
Avenida Boulevard, Aeropuerto Norte #9649, Pudahuel, Santiago, Chile	26
Camino Coquimbo N' 16.000, Colina, Sanitago, Chile	27
2F, Building 4, No. 115 Lane 1276, Nanle Road, Songjiang District, Shanghai, China	28
3F, Building 4, No. 115 Lane 1276, Nanle Road, Songjiang District, Shanghai, China	29
Floor 9, Xinpeng Plaza, No. 200, Lane 91, E'shan Road, Pudong New Area, Shanghai, 200127, China	30
No. 181 Zhongshe Road, Maogag Town, Songjiang District, Shanghai, China	31
No. 301 Rongle East Road, Songjiang District, Shanghai, China	32
No. 9 Fuqian Road, Shandong Zhuang Town, Pinggu District, Beijing, China	33

List of registered office addresses continued

Registered office address	Key
No.128 Jinshajiang Road, Rudong Economic Development Zone, Jiangsu, China	34
Room 3123, Building 3, 112-118 Gaoyi Road, Baoshan District, Shanghai, China	35
Room 368, Part 302, No. 211 Fute North Road, Free Trade Zone, Shanghai, China	36
Room 850, No. 1111 Chang Shou Rd, Jingan District, Shanghai, China	37
Room 908, Building 16, Zone 2, International Chuangzhi Park, No.8 Gangkou Road, Guicheng Street, Nanhai District, Foshan, Guangdong, China	38
Room 912, Central Business Tower, 88 Fuhua 1st Road, Futian, Shenzhen, China	39
Room A39, Floor 6, Building 2, Dongfang MAO Business Center, Xiacheng District, Hangzhou, Zhejiang, China	40
Southwest of No.1 House, 3F, Building A, Tower 2, Xinhaiyi, No. 58 Heshun Road, Suzhou Industrial Park, Jiangsu, China	41
Carrera 30 No. 15-30, Bogota D.C., Colombia	42
CR 71 No 94 – 23 AP, 1134 TO 9, Colombia	43
Km 7 Vía Medellín, Parque Empresarial Celta, Módulo 1, Bodega 49, Funza (Cundinamarca), Colombia	44
Dolnokrčská 2029/54a, Krč, Praha 4, 140 00, Czech Republic	45
Přátelstvi 1011/17, Uhřiněves, Praha 10, 10 400, Czech Republic	46
Greve Main 30, 2670 Greve, Denmark	47
Indkildevej 2 c, DK-9210, Aalborg SØ, Denmark	48
Kærvej 25, DK-2970 Hørsholm, Denmark	49
Kirkebjergvej 17, 4180 Sorø, Denmark	50
Vesterlundvej 5-7, DK-2730 Herlev, Denmark	51
11 C rue des Aulnes, 69410 Champagne-au-Mont-d'or, France	52
13 rue des Battants RN 20, 31140, Saint-Alban, France	53
130-136 rue Victor Hugo, 92300 Levallois-Perret, France	54
191-195 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, Paris, France	55
26/28 rue Jean Perrin, 28300, Mainvilliers, France	56
29 avenue des Morillons, ZA des Doucettes, 95140 Garges les Gonesses, France	57
440 route de Rosporden, Le Grand Guelen, 29000 Quimper, France	58
5 avenue Gutenberg, ZA Pariwest, 78310 Maurepas, France	59
50 Avenue d'Allemagne, Rond Point de L'Europe ZA Albasud, 82000 Montauban, France	60
530 rue Jacqueline Auriol ZA de Saint Thudon, 29490, Guipavas, France	61
556 Chemin du Mas de Cheylon, CAP Delta 30941, Nimes, France	62
585, Rue Alain Colas, 29200, Brest, France	63
7 route de Villiers, 77780, Bourron-Marlotte, France	64
725 Route des Vernes Pringy, 74370, Annecy, France	65
Boulevard Francois-Xavier Faffeur, Zone Industrielle Lannolier, 11000, Carcassonne, France	66
La Fregate, 9 avenue Jacques Cartier, 44800, Saint-Herblain, France	67
Lieudit la Trentaine, 77690, La Genevraye, France	68

Registered office address	Key
Parc d'activité Des Lacs, 22 rue Saint Exupéry, 33 290 Blanquefort, France	69
Quai Louis Aulagne, 69 190 Saint Fons, France	70
Route Nationale 97, ZA Les Plantades, 83130 La Garde, France	71
Route Nationale, 57420, Louvigny, France	72
Rue Charles Remi Arnoult, 21700 Nuits Saint Georges, France	73
Rue de Pau, 40500 Saint-Server, France	74
Rue Edouard Branly, ZAC des Chamonds 58640 Varennes-Vauzelles, France	75
Rue Jean-Marie David, ZA de la Teillais, 35740, Pacé, France	76
Rue Nungesser et Coli d2A Nantes Atlantique, 44860 Saint-Aignan de Grand Lieu, France	77
Rue Pierre Pascal Fauvelle, 66000 Perpignan, France	78
ZI Maison Dieu RN 74, 21220 Fixin, France	79
Zone Artisanale Maritime du Bassin de Thau, Route de Séte, 34540 Ballaruc Les Bains, France	80
Elbestraße 1-3, 45768 Marl, Germany	81
Friedrichstrasse 2, 40699 Erkrath, Germany	82
Kitzingstr. 15-19, 12277, Berlin, Germany	83
Maysweg 11, 47918 Tönisvorst, Germany	84
Stadtweide 17, 46446 Emmerich, Germany	85
11th Floor, One Pacific Place, 88 Queensway, Hong Kong	86
Room 2103, Futura Plaza, 111 How Ming Street, Kwun Tun, Hong Kong	87
Unit 26, 22/F, Metro Centre II, Lam Hing St., Kowloon Bay, Kowloon, Hong Kong	88
Unit 3-4 18F Tower 6, China Hong Kong City, Tsim Sha Tsui, Kowloon, Hong Kong	89
2336 Dunavarsány, 071/33 hrsz, Hungary	90
Vendel Park, Erdőalja út 3, 2051 Biatorbágy, Hungary	91
10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland	92
4 Kinneret Street, POB 1139, Airport City, Ben Gurion Airport, 7019802, Israel	93
Emek Ha'Ela 250, Modi'in, P.O.B 553, LOD 7110601, Israel	94
Corsa Italia n.6, 50123 Florence, Italy	95
Via 8 Marzo n. 6, 42025 Corte Tegge di Cavriago, Reggio Emilia, Italy	96
Via Brigata Reggio no. 24, Reggio Emilia, Italy	97
Arzipe Valdes & Marco, Ave. Batallón de San Patricio #111, Piso 28, Despacho 2801, Colonia Valle Oriente, San Pedro Garza Garcia, Nuevo León, C.P. 66269, Mexico	98
Av. del sauce número 1600, Col. La angostura, City of San Luis Potosí, S.L.P, 78117, Mexico	99
Avenida Cafetales No. 1702, Interior 201, between streets Rancho Recoveco and Rancho Estopila, Hacienda de Coyoacán, Coyoacán, 04970, Mexico	100
Avenida Circunvalación Agustín Yáñez 2613, int 1A-110, Arcos Vallarta Sur, 4500 Guadalajara, Jalisco, Mexico	101
Calle Rio San Lorenzo No. 503, Col. Fuentes del Valle, CP 6620, CD San Pedro Garza Garcia, Nuevo León, Mexico	102
Carretera al CUCBA No. 400 Interior 5 Colonia La Venta del A, C.P. 45221 Zapopan, Jalisco, Mexico	103

Registered office address	Key
Carretera Corredor Tijuana Rosarito 2000 Exterior 15202., Interior Mt3 A, Colonia Zona Cerril General, Tijuana, Baja California, Mexico	104
Carretera Miguel Alemán KM21 Edificio 4C Prologis Park, Apodaca, N.L., México C.P, 66627, Mexico	105
Galileo # 11, Colonia Polanco V Secc., Delagación Miguel Hidalgo, 11560, Ciudad de México, Mexico	106
Pablo A. Gonzalez Garza Pte., 820, Chepevera, Monterrey, Nuevo León, 64030, Mexico	107
Rio San Lorenzo No. 503 Local I, Col. Fuentes Del Valle, San Pedro Garza Garcia, C.P. 66220, Mexico	108
Barnsteenstraat 1-A, 1812 SE Alkmaar, Netherlands	109
Bijsterhuizen 3005C, 6604 LP Wijchen, Netherlands	110
De Kronkels 31c, 3752LM Bunschoten-Spakenburg, Netherlands	111
Delta 57, 6825 ML Arnhem, Netherlands	112
Esp 125, 5633 AA Eindhoven, Netherlands	113
Grotewei 2, 4004 LW Tiel, Netherlands	114
Industrieweg 11B, 1566JN, Assendelft, Netherlands	115
Jan Campertlaan 6, 3201AX, Spijkenisse, Netherlands	116
Keizersgracht 241, 1016EA, Amsterdam, Netherlands	117
Rondebeltweg 82, 1329 BG Almere, Netherlands	118
686 Rosebank Road, Avondale, Auckland, 1026, New Zealand	119
97 Sawyers Arm Road, Christchurch, 8052, New Zealand	120
KPMG Level 5, 79 Cashel Street, Christchurch, 8140, New Zealand	121
Bedriftsveien 24, 3735 Skien, Norway	122
c/o Enor AS, Holmaveien 20, 1339 Vøyenenga, Norway	123
Holmaveien 20, 1339 Vøyenenga, Norway	124
Av. Santa Rosa 350. Ate., Lima, Peru	125
PO Box 6494, PR 00914-6494, San Juan, Puerto Rico	126
Sat Dragomiresti-Deal, Comuna Dragomiresti-Vale, DE 287/1, Bucharest West Logistic Park, Cladirea C, Unitatea C01, Ilfov, Romania	127
1 Penjuru Close, 608617, Singapore	128
Na pántoch 18, 831 06 Bratislava, Slovakia	129
Calle Castilla-León, Parcela 45 Onda, 12200, Castellón, Spain	130
Calle Filats, 8 Polg. Industrial Prologis Park, Sant Boi de Llobregat, Barcelona, Spain	131
Calle las Palmeras 7, Polígono Industrial La Sendeilla, 28350 Ciempozuelos, Spain	132
Cartagena, Murcia, poligono industrial Cabezo Beaza, Avenida Bruselas, 30353, esquina calle Amsterdam, parcela R 100, Spain	133
Cartagena, Murcia, poligono industrial Cabezo Beaza, Avenida Luxemburgo, calle Artes y Oficios, nave B-3, Spain	134
Corretger No 115-117-119, Parque Empresarial Táctica, Paterna, 46980, Valencia, Spain	135
Edificio Plaza, Nave 5, Ali-4 Plataforma Logistica de Zaragoza, 50197, Zaragoza, Spain	136
Santo Domingo De La Calzada, La Rioja, 26250, Carretera De Logrono, Spain	137
Güterstrasse, 4313 Möhlin, Switzerland	138

Registered office address	Key
Nordring 2, 4147 Aesch, Switzerland	139
Oberebenestrasse 53, CH-5620 Bremgarten, Switzerland	140
Route des Jeunes 5D, c/o Télios SA, 1227 Les Acacias, Genève, Switzerland	141
Akçaburgaz Mahallesi, 3137. Sokak, No.19, Esenyurt, Istanbul, Turkey	142
Akçaburgaz Mahallesi, 3137. Sokak, No.19, K. 1, Esenyurt, Istanbul, Turkey	143
Arapcami Mah, Tersane Cad, No. 115, Beyoğlu, Istanbul, Turkey	144
Şerifali Mah., Turgut Özal Blv, B Blok No:170/1, Ümraniye, İstanbul, Turkey	145
Arthur Cox, Victoria House, 15-17 Gloucester Street, Belfast, BT1 4LS, United Kingdom	146
Middlemore Lane West, Aldridge, Walsall, WS9 8BG, United Kingdom	147
York House, 45 Seymour Street, London, W1H 7JT, United Kingdom	148
Corporation Service Company, 100 Shockoe Slip, 2nd Floor, Richmond VA 23219, United States	149
Corporation Service Company, 10300 Greenbriar Place, Oklahoma City OK 73159, United States	150
Corporation Service Company, 15 West South Temple, Suite 600, Salt Lake City UT 84101, United States	151
Corporation Service Company, 211 E. 7th Street, Suite 620, Austin TX 78701, United States	152
Corporation Service Company, 2345 Rice Street, Suite 230, Roseville MN 55113, United States	153
Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States	154
Corporation Service Company, 2595 Interstate Drive, Suite 103, Harrisburg PA 17710, United States	155
Corporation Service Company, 2710 Gateway Oaks Drive, Suite 150N, Sacramento CA 95833-3505, United States	156
Corporation Service Company, 2908 Poston Avenue, Nashville TN 37203-1312, United States	157
Corporation Service Company, 300 Deschutes Way SW, Suite 304, Turnwater WA 98501, United States	158
Corporation Service Company, 50 West Broad Street, Suite 1330, Columbus OH 43215, United States	159
Corporation Service Company, 505 5th Street, Suite 729, Des Moines IA 50309, United States	160
Corporation Service Company, 80 State Street, Albany NY 12207-2543, United States	161
CSC-Lawyers Incorporating Service Company, 221 Bolivar Street, Jefferson City MO 65101, United States	162
Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield IL 62703-4261, United States	163
César Cortinas 2037, Montevideo, Uruguay	164

Financial calendar

	2021
Annual General Meeting	21 April
Results for the half year to 30 June 2021	31 August

	2022
Results for the year to 31 December 2021	February
Annual Report circulated	March

Dividend payments are normally made on these dates or the following working day:

Ordinary shares (final)	1 July
Ordinary shares (interim)	2 January

Analysis of ordinary shareholders

At 31 December 2020 the Company had 4,923 (2019: 5,058) registered shareholders who held 337.0 million (2019: 336.8 million) ordinary shares between them, analysed as follows:

Size of holding	Number of shareholders	% of issued share capital
0 – 10,000	4,199	2
10,001 – 100,000	448	4
100,001 – 500,000	181	12
500,001 – 1,000,000	47	10
1,000,001 and over	48	72
	4,923	100

Registrar

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Fax +44 (0) 370 703 6101
Email webqueries@computershare.co.uk
Website www.computershare.com

Investor Centre

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

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

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

Dividend payment by BACS

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

Dividend reinvestment plan

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

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

American Depositary Receipts

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

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

Share dealing

Bunzl plc shares can be traded through most banks and stockbrokers. The Company's registrar also offers an internet and telephone dealing service. Further details can be found at www.computershare.trade/ or by telephoning +44 (0) 370 703 0084.

ShareGift

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

Shareholder security

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

Independent auditors

PricewaterhouseCoopers LLP

Corporate brokers

J.P. Morgan Cazenove
Citigroup

Company Secretary

Suzanne Jefferies

Registered office

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Fax +44 (0) 20 7725 5001
Website www.bunzl.com
Registered in England no. 358948

Forward-looking statements

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

FIVE YEAR REVIEW

	IFRS		IAS 17			
	2020 £m	2019 £m	2019◊ £m	2018 £m	2017 £m	2016 £m
Revenue	**10,111.1**	9,326.7	9,326.7	9,079.4	8,580.9	7,429.1
Operating profit	**618.5**	528.4	506.0	466.2	456.0	409.7
Finance income	**10.4**	12.4	12.4	11.6	10.6	7.1
Finance expense	**(73.2)**	(87.5)	(64.2)	(66.6)	(57.3)	(53.9)
Profit on disposal of businesses	**–**	–	–	13.6	–	–
Profit before income tax	**555.7**	453.3	454.2	424.8	409.3	362.9
Income tax	**(125.7)**	(104.1)	(104.3)	(98.3)	(98.8)	(97.0)
Profit for the year attributable to the Company's equity holders	**430.0**	349.2	349.9	326.5	310.5	265.9
Basic earnings per share	**128.8p**	104.8p	105.0p	98.4p	94.2p	80.7p

Alternative performance measures†						
Adjusted operating profit	**778.4**	653.3	630.9	614.0	589.3	525.0
Adjusted profit before income tax	**715.6**	578.2	579.1	559.0	542.6	478.2
Adjusted profit for the year	**550.5**	440.6	441.3	429.9	393.4	349.6
Adjusted earnings per share	**164.9p**	132.2p	132.4p	129.6p	119.4p	106.1p

◊ Following the adoption of IFRS 16 'Leases' with effect from 1 January 2019, because the Group adopted the accounting standard using the modified retrospective approach to transition and accordingly did not restate prior periods, the results for the years ended 31 December 2020 and 31 December 2019 are not directly comparable with those reported in the prior years under the previous applicable accounting standard, IAS 17 'Leases'. However to provide a meaningful comparative on adoption of IFRS 16, the results for the year ended 31 December 2019 were also presented under IAS 17 at the time the results were published.

† See Note 3 on page 158 for further details of the alternative performance measures.