

Bunzl UK Limited - registered number 2902454  
Annual report and financial statements for the year ended  
31 December 2020

## **Bunzl UK Limited**

**Annual report and financial  
statements for the year ended  
31 December 2020**

**Registered number: 2902454**



## Contents

	Page
Strategic report	3
Directors' report	6
Statement of directors' responsibilities in respect of the financial statements	9
Independent auditors' report	10
Profit and loss account	14
Balance sheet	15
Statement of changes in equity	16
Notes (forming part of the financial statements)	17

## Strategic report

The directors present their Strategic report for Bunzl UK Limited ("the Company") for the year ended 31 December 2020.

The principal activities of the Company during the year continued to be the wholesale distribution of cleaning, hygiene and associated products, catering disposables, personal protection equipment and food packaging equipment and supplies.

### Business review

The directors report turnover for the year ended 31 December 2020 of £630,809,000 (2019: £699,908,000) and operating profit of £17,061,000 (2019: £56,496,000). The Profit and loss account shows a profit for the financial year of £10,965,000 (2019: £32,750,000). The balance sheet as at 31 December 2020 shows net assets of £71,759,000 (31 December 2019: £59,059,000).

The Company operates in a number of distinct UK markets including the safety market, the cleaning & hygiene market, the catering market and the food packaging market. The Company serves these markets through its trading divisions Bunzl Safety, Bunzl Cleaning & Hygiene Supplies, Bunzl Catering Supplies, Bunzl Lockhart Catering Equipment, Aggora, Tri-Star Packaging, WK Thomas, Bunzl McLaughlin, Bunzl Rafferty Hospitality Products and Kingsbury Packaging.

Our portfolio of safety businesses saw strong growth during 2020. The demand for masks, gloves and eye protection increased significantly during the year as we provided a full range of quality assured products to our customers in government and industry. These sales helped to offset an underlying decline in the demand from manufacturing and construction customers who, in turn, suffered declines in production throughout the Covid-19 pandemic. Over the year, we continued to invest in digital solutions and further developed ways for our customers to control both quantity and quality of their products via our bespoke web offering. Towards the end of the year, we secured some new long term supply arrangements resulting from the UK government's investment in transport infrastructure and, in addition, extended our contractual arrangements with many of our larger customers.

In our cleaning & hygiene supplies business we saw increased demand for sanitisers and cleaning products as our customers sought to ensure the safety of their employees during the pandemic. However, with many of our customers' offices closed and with their staff working remotely, our supply of everyday consumables, such as hygiene paper and hand towels was negatively impacted. Despite this we continued to work with facilities management companies and local authorities to ensure customer sites could be supplied intelligently, with the correct volume of supplies prior to re-opening after lockdown. We improved our vehicle telematics system during the year, providing important carbon impact data for our customers together with up-to-date information on their orders.

The pandemic has had a severe impact on our foodservice businesses, with a series of lockdowns and restrictions since March 2020 limiting business to pubs, restaurants and hotels. Reduced footfall to offices and the decline in leisure and sporting events limited the activities of contract caterers, whose business subsequently focused on supplying educational and hospital facilities. Despite the impact of Covid-19 related restrictions, we continued to supply products and services to those sectors which remained open and experienced good growth in food takeaway packaging.

Northern Ireland was significantly impacted by the pandemic as our sizeable foodservice businesses saw material declines associated with lockdowns and restricted hospitality.

### Acquisitions

Bodyguard Workwear Limited, Spectrum Hygiene Limited and Catered 4 Limited are UK incorporated companies which are indirectly owned by the Company's ultimate holding company, Bunzl plc. As part of a group reorganisation the trade, assets and liabilities of Bodyguard Workwear Limited, Spectrum Hygiene Limited and Catered 4 Limited were acquired by the Company at book value on 31 December 2020. For further details, see Note 21 to the financial statements.

## Strategic report (continued)

### Key performance indicators

The directors monitor and manage the performance of the Company, assisted by the production of detailed monthly management reports containing accounts and a number of key financial and non-financial performance measures including profit margins, working capital levels, cash flows, return on average operating capital, levels of carbon emissions and fuel usage.

### Principal risks and uncertainties

The Company operates in a changing economic and competitive environment that presents risks, some of which are driven by factors that the Company cannot control or predict.

#### The key risks facing the Company include:

- economic, political and market conditions which could affect the Company's revenue growth and profitability;
- failure to achieve the Company's financial forecasts due to the Company's inability to secure new sales contracts or renegotiate existing contracts;
- as a result of competitive pressures, changes to the Company's pricing models may result in price reductions which would adversely affect revenue and profitability;
- the ability of the Company to operate and service its customers' needs are impacted by a cyber-attack;
- supply chain risk, including freight issues, product costs growing exponentially, product liability and quality control and the imposition of trade tariffs; and
- sustainability driven market changes from regulation that target certain plastic products and changing consumer behaviour

### Covid-19 pandemic


- The aforementioned risks still remain relevant and significant to the Company. As a result of the Covid-19 pandemic, the Company has now also included an additional principal risk relating to the financial collapse of either a large customer and/or a significant number of small customers within the foodservice sectors. Foodservice customers have been adversely impacted financially by the government imposed lockdowns and travel restrictions put in place to control the pandemic as they have been unable to operate at their normal levels. Therefore, there is a significant risk of a large customer and/or a large number of small customers in these sectors having financial difficulties, particularly in the second half of 2021 as government support for businesses comes to an end.
- The Company has also considered broader risks relating to Covid-19 (e.g. physical and mental wellbeing of staff risk, supply chain disruption risk and warehouse closures risk due to high infection rates). However, these risks are not deemed to be sufficiently heightened to be significant risks, particularly given the successful management and mitigation of these risks. The businesses in the Company are in the process of updating their Business Continuity Plans to, where possible, ensure they have captured the lessons learnt from the pandemic (e.g. from mobilisation of staff to work from home to provision of appropriate personal protection equipment for warehouse staff to operate).

## Strategic report (continued)

### Engaging with our stakeholders

The Company's Board of directors recognises the importance of understanding the views of the Company's key stakeholders. From the perspective of the Board, as a result of the governance structure of Bunzl plc and its subsidiaries (together the "Group"), the matters that the Board is responsible for considering under section 172 of the Companies Act 2006 ("s172") have been considered to an appropriate extent by the Board of directors of Bunzl plc (the "Group Board"), the ultimate parent and controlling party, in relation both to the Group and to the Company. The Board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Group Board has considered the matters set out in s172 (for the Group and for the Company) is set out in Bunzl plc's Annual Report 2020, which does not form part of this report. The Bunzl plc Annual Report 2020 is available on the company's website, [www.bunzl.com](http://www.bunzl.com).

By order of the Board

DocuSigned by:  
  
064DDC81136B442...  
St. Jefferies  
Secretary

9/24/2021

24 September 2021

**Registered  
office:**  
York House  
45 Seymour Street  
London  
W1H 7JT

## Directors' report

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

### Dividends

The directors do not recommend the payment of a final dividend (2019: Nil). No interim dividend (2019: £22,000,000) was paid during the year.

### Directors

The directors who held office during the year and up to the date of the signing of the financial statements were as follows:

DL Cousins  
LW Hill  
MR Johnson  
RD Kelly  
AP McLaughlin  
SR Norris  
N Rogers (resigned 1 February 2020)  
D Stokes (resigned 1 January 2020)  
GDN Tarratt  
AJ Tedbury  
AD Wright  
CG Wakeman (appointed 1 January 2020)

### Corporate governance

The Company did not apply a corporate governance code for the 2020 financial year. Bunzl plc, the Company's ultimate parent and controlling party, adheres to the principles and provisions of the Financial Reporting Council's UK Corporate Governance Code (the "Code").

Bunzl plc directs and governs all of the subsidiaries within the Bunzl Group and its Board ensures that the Group's robust governance framework is implemented across the business and that good governance principles and practices are adhered to. As such, the Company considers that it complies with the ethos of the code.

### Employee engagement statement

The Board regards employee engagement as a matter of great importance. The Board ensures that it engages with and understands the views of the workforce through a number of different channels, including communications boards, an intranet, in-house bulletins, discussions, briefing meetings and audiovisual presentations. The Board believes that the diversity of perspectives enables the directors to make better decisions based on the well-informed feedback received.

A savings related share option scheme ('Sharesave') is currently in operation under which employees are given the opportunity to purchase Bunzl plc ordinary shares in the future at a discount.

### Disabled employees

It is the Company's policy that applicants with a disability should be considered for employment and career development on the basis of their aptitude and abilities. Employees who develop a disability during their working life will be retained in employment wherever possible and given help with rehabilitation, adjustments or training.

## Directors' report (continued)

### Engagement with suppliers, customers and other stakeholders

Understanding the views of the Company's stakeholders is a key priority for the Board and the Group as a whole. It helps to focus the Company's resources, engagement and reporting activities by addressing those issues that matter most to the business and to its wider stakeholders. Fostering strong business relationships is an intrinsic part of the Company's strategy and a key consideration in all decision making. More information about Bunzl's engagement with the Group's suppliers, customers and wider stakeholder groups can be found in the Bunzl plc Annual Report 2020 on pages 60 to 62.

### Directors' indemnities

Indemnities were in force throughout 2020 and remain in force as at the date of this report, under which Bunzl plc, the ultimate holding company of the Company, has agreed to indemnify the Company's directors and the Company Secretary, to the extent permitted by law and Bunzl plc's Articles of Association, in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as a director or officer of the Company.

### Financial Instruments

#### Financial risk management

The Company's operations expose it to a variety of financial risks that include price and foreign currency risk. The Company has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the Company by regularly monitoring the financial risks.

The policies set by the Board of directors are implemented by the Company's finance department.

#### Price risk

The Company continually monitors the price and availability of materials and for a substantial part of its product offering agrees prices with suppliers and customers, based on foreign currency exchange rates and commodity prices, at the time of order.

#### Foreign currency risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. Exposures are usually relatively limited but where they do occur the Company's policy is to hedge significant exposures of firm commitments for a period of up to one year as soon as they are committed to using forward exchange contracts.

## Directors' report (continued)

### Future developments

The Company intends to continue to follow its consistent and proven strategy. This comprises growing organically, either by expanding and developing business with existing customers, or by gaining new business with additional customers, improving the efficiency of operations and by acquiring businesses that meet the specific parameters that fit our business model and growth strategy.

It is difficult to assess with any certainty the impact that the Covid-19 pandemic will have on the Company's performance for 2021. Foodservice, being a sector that has been significantly adversely impacted by Covid-19, are expected to recover partially as lockdown restrictions are gradually relaxed but we expect revenue in these sectors to remain below historic levels. Although the other main sectors served by the Company have been less affected by the Covid-19 crisis, we expect that these sectors will see underlying weakness persist, particularly in safety and healthcare, against the background of very challenging macroeconomic conditions. As a result of reduced Covid-19 related sales which in turn will lead to a lower weighting of own brand products being sold, and against the backdrop of continued macroeconomic weakness globally, we expect there to be a reduction in operating margin during the second half of the year compared to the same period in 2019.

However, the fundamental aspects of the business looking forward remain attractive. Our customer proposition and strength of our supply chain have been reinforced during these challenging times and our business model has proven its resilience in the most difficult of circumstances.

### Political donations

The Company made no political donations during the year (2019: £nil).

### Third Party Indemnity Provisions

The Company does not have any third party indemnity provisions (2019: £nil).

### Disclosure of information to auditors

As at the date of approval of this Directors' report, each of the directors of the Company confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information, and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### Independent auditors

The Company has abolished the requirement to hold annual general meetings. Subject to the receipt of any objections as provided under statute or the Company's Articles of Association, the Company is relying on the provisions as provided in section 487 of the Companies Act 2006 for the deemed reappointment of PricewaterhouseCoopers LLP as auditors.

## Directors' report (continued)

### Statement of directors' responsibilities in respect of the financial statements

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

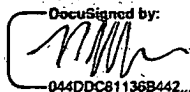
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

By order of the Board

DocuSigned by:  
  
044DDC81136B442...

9/24/2021

St Jefferies  
Secretary

24 September 2021

Registered  
office:  
York House  
45 Seymour Street  
London  
W1H 7JT

# Independent auditors' report to the members of Bunzl UK Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Bunzl UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: Balance sheet as at 31 December 2020; Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, 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.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

### Conclusions relating to going concern

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

- we evaluated management's forecast and challenged the adequacy and appropriateness of the underlying assumptions; and
- we considered and validated the Company's available financing and maturity profile to assess management's forecast liquidity throughout the going concern period.

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

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

## Independent auditors' report to the members of Bunzl UK Limited (continued)

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

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

### Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

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

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

# Independent auditors' report to the members of Bunzl UK Limited (continued)

## Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential posting of inappropriate journal entries to manipulate financial results and management bias in accounting estimates. Audit procedures performed by the engagement team 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 Bunzl plc Board, Audit committee and Executive committee;
- reviewing internal audit reports; and
- 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.

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

## Use of this report

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

# Independent auditors' report to the members of Bunzl UK Limited (continued)

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jonathan Sturges (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

24 September 2021

**Profit and loss account**  
 for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	2	630,609	699,908
Cost of sales		(446,398)	(483,860)
<b>Gross profit</b>		<b>184,411</b>	<b>216,048</b>
Selling and distribution costs		(77,209)	(83,152)
Administrative expenses		(90,141)	(76,400)
<b>Operating profit</b>		<b>17,061</b>	<b>56,496</b>
Income from shares in group undertaking		1,321	1,643
Interest payable and similar expenses	3	(6,341)	(17,614)
<b>Profit before taxation</b>	4	<b>12,041</b>	<b>40,525</b>
Tax on profit	7	(1,076)	(7,775)
<b>Profit for the financial year</b>		<b>10,965</b>	<b>32,750</b>

There is no other comprehensive income for the year.

All amounts relate to continuing operations in 2020 and 2019.

The Notes on pages 17 to 33 form part of these financial statements.

**Balance sheet**  
 as at 31 December 2020

	Note	2020		2019	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	8		30,501		30,043
Tangible assets	9		17,068		19,292
Right-of-use assets	10		62,435		72,095
Investments	11		999		999
			<u>111,003</u>		<u>122,429</u>
<b>Current assets</b>					
Stocks	12	73,987		68,118	
Debtors: amounts falling due within one year	13	230,801		242,199	
Debtors: amounts falling due after more than one year	14	3,134		2,925	
Cash at bank and in hand		22,873		16,744	
		<u>330,795</u>		<u>329,986</u>	
Creditors: amounts falling due within one year	16	(286,237)		(299,711)	
Lease liabilities: amounts falling due within one year	10	(14,726)		(13,860)	
		<u>Net current assets</u>	<u>29,832</u>	<u>16,415</u>	
<b>Total assets less current liabilities</b>			<u>140,835</u>	<u>138,844</u>	
Creditors: amounts falling due after more than one year	17		(552)	(2,977)	
Lease liabilities: amounts falling due after more than one year	10		(57,255)	(68,500)	
Provisions for liabilities	18		(11,269)	(8,308)	
			<u>Net assets</u>	<u>59,059</u>	
<b>Capital and reserves</b>					
Called up share capital	19		1,000	1,000	
Capital contribution reserve			7,922	6,187	
Profit and loss account			62,837	51,872	
			<u>Total shareholders' funds</u>	<u>59,059</u>	

The Notes on pages 17 to 33 form part of these financial statements.

The financial statements on pages 14 to 33 were authorised for issue by the Board of directors on and were signed on its behalf by:

DocuSigned by:

9/24/2021

*George Tarratt*

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**GDN Tarratt**  
 Director

**Statement of changes in equity**  
 for the year ended 31 December 2020

	Called up share capital £000	Capital contribution reserve £000	Profit and loss account £000	Total shareholders' funds £000
Balance at 1 January 2019	1,000	4,480	41,122	46,602
Total comprehensive income for the year *	-	-	32,750	32,750
<i>Transactions with owners, recorded directly in equity</i>				
Share based payment transactions	-	1,707	-	1,707
Interim dividends paid	-	-	(22,000)	(22,000)
Total contributions by and distributions to owners	-	1,707	(22,000)	(20,293)
Balance at 31 December 2019	1,000	6,187	51,872	59,059
Total comprehensive income for the year *	-	-	10,965	10,965
<i>Transactions with owners, recorded directly in equity</i>				
Share based payment transactions	-	1,735	-	1,735
Interim dividends paid	-	-	-	-
Total contributions by and distributions to owners	-	1,735	-	1,735
Balance at 31 December 2020	1,000	7,922	62,837	71,759

\* the Company had no other comprehensive income during the current or prior year and therefore total comprehensive income for the year is solely the profit for the financial year as per the Profit and loss account. The Notes on pages 17 to 33 form part of these financial statements.

## Notes (forming part of the financial statements)

### 1 Accounting policies

The Company is a private company limited by shares, incorporated and domiciled in the UK and registered in England and Wales under number 2902454. The Company's registered office address is York House, 45 Seymour Street, London W1H 7JT.

#### Basis of preparation

The financial statements of Bunzl UK Limited have been prepared in accordance with the Companies Act 2006, as applicable to companies using the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The financial statements of the Company have been prepared on a going concern basis.

In preparing these financial statements the Company applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- comparative year reconciliations for share capital, tangible fixed assets and intangible fixed assets;
- disclosures in respect of transactions with fellow wholly owned subsidiaries and also capital management;
- the effects of new but not yet effective International Financial Reporting Standards ("IFRSs");
- an additional balance sheet for the beginning of the earliest comparative year following the retrospective change in accounting policy; and
- disclosures in respect of the compensation of Key Management Personnel.

The Company is a wholly owned subsidiary of Bunzl Holding LCE Limited and of its ultimate parent, Bunzl plc, which is incorporated in the UK. The Company is included in the consolidated financial statements of Bunzl plc which are publicly available from its registered office at York House, 45 Seymour Street, London W1H 7JT. Bunzl Plc is the smallest and largest group to consolidate the financial statements.

Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- certain disclosures required by IAS 36 *Impairment of Assets* in respect of impairment of goodwill and indefinite life intangible assets;
- certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior years including the comparative year reconciliation for goodwill; and
- the disclosures required by IFRS 7 *Financial Instruments* or IFRS 13 *Fair Value Measurement* have not been provided apart from those which are relevant for financial instruments which are held at fair value and are not either held as part of trading portfolio or dividends.

The accounting policies set out below have, unless otherwise stated, been applied consistently in dealing with items which are considered material to all years presented in these financial statements.

#### New accounting Standards and interpretations

There are no new standards or amendments to existing standards that are effective that have had a material impact on the Company, nor does the Company 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.

#### Measurement convention

The financial statements of the Company have been prepared under the historical cost convention.

## Notes (continued)

### 1 Accounting policies (continued)

#### Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences arising on translation are recognised in profit or loss on foreign exchange, whilst those arising from the interest differential element of forward currency contracts are included in external interest.

#### Turnover

The Company adopts IFRS 15 'Revenue from Contracts with Customers', which requires companies to apportion revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied. The vast majority of the Company's revenue is generated from the delivery of goods to customers representing a single performance obligation which is satisfied upon delivery of the relevant goods. The Company's other revenue generating activities represent approximately 1% of total revenue. The majority of this other revenue relates to design and fit out services for foodservice customers and fulfilment services where the Company does not take title to inventory.

The Company is engaged in the sale of goods to customers. Turnover from a sale is recognised in the Profit and loss account upon delivery of the relevant goods, which is the point in time at which the control of ownership of the goods is transferred.

Turnover is valued at invoiced amounts, excluding sales taxes, less estimated provisions for returns and trade discounts where relevant. Returns provisions and early settlement discounts are based on experience over an appropriate year whereas volume discounts are based on agreements with customers.

#### Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

There was no material impact on the financial statements as a result of the application of IFRIC 23.

#### Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company. In these financial statements, business combinations only arise when the Company purchases the trade and assets of an entity.

## Notes (continued)

### 1 Accounting policies (continued)

Purchases of subsidiaries are accounted for as an increase to the cost of fixed asset investments in these financial statements. Also, acquisitions as a result of group reorganisations which involve the transfer of trade and assets from a fellow subsidiary are accounted for at book value.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amounts are credited or charged to the income statement at each reporting year.

#### Intangible assets

##### Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

Goodwill was previously amortised under UK Generally Accepted Accounting Practice but from 1 January 2014 goodwill is no longer amortised. For the acquisitions that occurred between 31 May 2011 and 1 January 2014, and for which the business combination accounting has been restated, goodwill is not amortised.

##### Other intangible assets and amortisation

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation is charged to the Profit and loss account in administrative expenses on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

- contract specific intangible assets – over the life of the contract;
- customer list intangible assets – over their assessed useful economic life of 10 to 19 years; and
- software assets – over their assessed useful economic life of three to seven years.

#### Impairment

The carrying amounts of the Bunzl UK Limited's group's assets are reviewed annually to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into cash generating units ('CGUs') which are the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the business combination.

The recoverable amount of an asset or CGU is the greater of its fair value less the costs to sell and its 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 specific to the asset or CGU. Impairment losses are recognised when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, with impairment losses being recognised in profit or loss. Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible assets.

Depreciation is charged to the Profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- |                                |   |                            |
|--------------------------------|---|----------------------------|
| • Land and buildings freehold  | - | 2% per annum               |
| • Land and buildings leasehold | - | over the term of the lease |
| • Plant and machinery          | - | 10% – 25% per annum        |
| • Motor vehicles               | - | 25% per annum              |
| • Fixtures and fittings        | - | 10% – 25% per annum        |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

## Notes (continued)

### 1 Accounting policies (continued)

#### Fixed asset investments

Fixed asset investments in subsidiary undertakings are recorded at cost less accumulated impairment losses.

#### Leases

The Company 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 Company, 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 Company'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 Company to facilitate operational flexibility. The majority of termination options held are exercisable only by the Company 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 Company. 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.

#### Debtors

Debtors 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 the Company 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 then adjusted to reflect expectations about future credit losses. The Company does not have any significant contract assets.

#### Provisions

A provision is recognised in the Balance sheet when the Company 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 material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### Stock

Stock consist of items purchased for resale and are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs where relevant and other costs in bringing them to their existing location and condition. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### Employee benefits

Some of the Company's employees participate in a group defined contribution plan, which is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Profit and loss account in the years during which services are rendered by employees.

## Notes (continued)

### 1 Accounting policies (continued)

Some of the Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan (and the closing deficit or surplus on the scheme) is recognised fully by the sponsoring employer, which is Bunzl plc. The Company recognises a cost equal to its contribution payable for the year as determined by the rules of the pension scheme.

Some employees of the Company are eligible to participate in the equity settled share based compensation plans operated by the ultimate parent undertaking, Bunzl plc. The total expected expense relating to these equity settled plans 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. The amounts recognised as expenses are adjusted to reflect the actual number of options and other share based incentives that are expected to vest.

#### Dividends

Interim dividends are recognised in the statement of changes in equity in the year in which they are paid and, to the extent applicable, a final dividend is recognised in the year in which it is approved by shareholders.

#### Interest-bearing inter-company borrowings

Interest-bearing inter-company borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. The Company has no external borrowings.

#### Financial instruments

##### Classification and measurement

Under IFRS 9 'Financial Instruments: Classification and Measurement', 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.

##### Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting year. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss in cost of sales (2020 £385,000, 2019 £245,000).

Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are immediately recognised in the income statement.

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

#### Accounting estimates and judgements

The application of the Company's accounting policies requires the use of management judgement and estimation, which often involves assumptions regarding future events which can vary from what is anticipated. The key sources of estimation at the balance sheet date that have risk of causing material adjustment to the carrying amounts of assets and liabilities are set out below. The directors believe that the financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Company's performance and financial position.

##### Recoverability of intangible assets

FRS 101 requires the identification of acquired intangible assets as part of a business combination. The methods used to value such intangible assets require the use of estimates including forecast performance and customer attrition rates. Future results are impacted by the amortisation years adopted and changes to the estimated useful lives would result in different effects on the income statement.

Goodwill is tested annually for impairment. Tests for impairment are based on discounted cash flows and assumptions (including discount rates, timing and growth prospects) which are inherently subjective. The conclusion of this

## Notes (continued)

### 1 Accounting policies (continued)

impairment assessment and, where material, additional disclosures concerning the sensitivity to key assumptions, is included in Note 8.

#### Provisions

The measurement of provisions requires the use of estimation techniques and the actual outcome may be materially different. In particular, the Company has provisions to restore leased premises to their original condition based on contractual commitments contained in its lease agreements and to reduce the stock value at the net realisable value considering obsolete, slow moving or defective items where appropriate.

With regards to the provision for restoring leased premises to their original condition, the greatest uncertainty in estimating the provision is the costs that will be incurred, especially when the lease is long-term in nature. The extent of changes made to any leased premises, current anticipated reparation costs, inflation and discount rates all impact the value of the provision required. Where the estimated costs of restoring leased premises to their original condition is twice the value estimated, the value of the provision would double. In respect of the stock provision, the greatest uncertainties in estimating the provision are to identify and measure the obsolete, slow moving or defective items.

These estimates are updated at least annually at the balance sheet date, but also as and when new information becomes available about the likely costs that will be incurred.

### 2 Turnover

The analysis of turnover by origin and destination is as follows:

	2020 £000	2019 £000
UK	608,830	654,981
Europe	21,211	43,112
Rest of World	768	1,815
	<u>630,809</u>	<u>699,908</u>

The Company had only one class of business in 2020 (2019: one). The analysis of revenue by class of business is therefore not presented.

Each operating company sell products across a range of market sectors, with the vast majority of revenue generated from the delivery of goods to customers. The table below 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.

The analysis of turnover by market sector

	2020 £000	2019 £000
Grocery	12,505	10,382
Food Service	214,984	360,301
Cleaning & Hygiene	195,160	184,740
Safety	118,067	113,385
Retail	6,162	8,371
Healthcare	77,045	13,975
Other	6,886	8,754
	<u>630,809</u>	<u>699,908</u>

## Notes (continued)

### 3 Interest payable and similar expenses

	2020 £000	2019 £000
interest payable on loans from group undertakings	3,591	14,599
Lease interest expense	2,750	3,015
	<hr/>	<hr/>
<b>Interest payable and similar expenses</b>	<b>6,341</b>	<b>17,614</b>
	<hr/> <hr/>	<hr/> <hr/>

### 4 Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2020 £000	2019 £000
Cost of goods sold	446,396	483,860
Auditors' remuneration:		
Audit of these financial statements	209	224
Depreciation and other amounts written off fixed assets:		
Owned	2,699	2,484
Leased	379	224
Amortisation of intangible assets	488	1,150
Depreciation of right of use assets	14,349	13,768
Loss / (Gain) on sale of fixed assets	341	(524)
	<hr/>	<hr/>

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

Amounts receivable by the Company's auditors in respect of services to the Company other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent company (see note 1 for details of the ultimate parent company's financial statements).

### 5 Directors' remuneration

	2020 £000	2019 £000
Directors' remuneration	2,520	2,542
Gains made from long term share incentive schemes	2,229	1,137
Company contribution to pension schemes	183	152
	<hr/>	<hr/>
	<b>4,932</b>	<b>3,831</b>
	<hr/> <hr/>	<hr/> <hr/>

During the year the aggregate remuneration and amounts receivable under long term incentive schemes of the highest paid director was £819,104 (2019: £840,019), and Company pension contributions of £35,457 (2019: £5,015) were made on their behalf. They are a member of a defined benefit pension scheme under which their accrued pension at the year-end was £98,653 (2019: £47,552). The highest paid director exercised share options during the year in respect of 22,170 ordinary shares (2019: 32,530), with an associated gain of £396,424 (2019: £573,120).

The number of directors with retirement benefits accruing under defined benefit schemes during the year was 4 (2019: 3) and under a defined contribution scheme was 9 (2019: 9). The number of directors who exercised share options was 10 (2019: 6).

## Notes (continued)

### 6 Staff numbers and costs

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Selling	654	689
Distribution and warehouse	1,226	1,269
General and administration	687	700
	<u>2,567</u>	<u>2,658</u>

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	74,464	75,936
Social security costs	7,313	6,626
Share based payments	1,735	1,707
Other pension costs	7,729	7,487
	<u>91,241</u>	<u>91,756</u>

Refer to the Accounting policies (note 1) for an explanation of the Company's pension scheme arrangements and also exemptions taken with regard to share based payments disclosures.

### 7 Tax on profit

#### Analysis of charge for the year

	2020	2019
	£000	£000
<i>Current tax:</i>		
UK corporation tax based on the results for the year at 19.0% (2019: 19.0%)	1,935	7,272
Adjustments in respect of prior years	(847)	(68)
Total current tax	<u>1,088</u>	<u>7,204</u>
<i>Deferred tax (Note 15)</i>		
Origination and reversal of temporary differences	(389)	570
Adjustments in respect of prior years	377	1
Total deferred tax	<u>(12)</u>	<u>571</u>
Tax on profit	<u>1,076</u>	<u>7,775</u>

## Notes (continued)

### 7 Tax on profit (continued)

The Company's results for this accounting year are taxed at a rate of 19.0% (2019: 19.0%). There is no tax recognised directly in equity.

#### Factors affecting current tax charge

The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK. The differences are as follows:

	2020 £000	2019 £000
Profit before taxation	12,041	40,525
Tax using UK corporation tax rate of 19.0% (2019: 19.0%)	2,288	7,700
Non-taxable income	(251)	(312)
Net deductibles	(81)	235
Tax rate adjustment	(410)	220
Adjustments in respect of prior years	(469)	(68)
<b>Total tax expense</b>	<b>1,076</b>	<b>7,775</b>

An increase in the UK corporation tax rate from 19% to 25% has been proposed in Finance Bill 2021, to take effect from April 2023. Future profits or losses may therefore be subject to a higher corporation tax rate. The deferred tax for the year ended 31 December 2020 remains calculated at the tax rate enacted at the balance sheet date, and any future rate changes should be adopted in the year which the rate change is substantively enacted.

## Notes (continued)

### 8 Intangible assets

	Goodwill	Customer list intangible assets	Software	Other intangible assets	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At beginning of year	24,436	6,502	6,138	8,228	45,304
Additions	-	-	1,463	-	1,463
Disposals	-	-	(446)	-	(446)
<b>At end of year</b>	<b>24,436</b>	<b>6,502</b>	<b>7,155</b>	<b>8,228</b>	<b>46,321</b>
<b>Accumulated amortisation</b>					
At beginning of year	-	3,276	3,757	8,228	15,261
Amortisation charged in the year	-	414	488	-	902
Disposals	-	-	(343)	-	(343)
<b>At end of year</b>	<b>-</b>	<b>3,690</b>	<b>3,902</b>	<b>8,228</b>	<b>15,820</b>
<b>Net book value</b>					
At 31 December 2020	24,436	2,812	3,253	-	30,501
At 31 December 2019	24,436	3,226	2,381	-	30,043

No individual goodwill or intangible asset is considered significant in comparison to the Company's total carrying amount of such assets. Annual impairment testing has been performed with no impairment charges considered necessary. The allocation of goodwill to CCUs is a judgment made by management. The identification of CGUs reflects the way in which the business is managed on a UK market basis. There are 3 CGUs that are a part of the Company, Cleaning and Safety, Ireland and Hospitality. No reasonably possible change in key assumptions would result in impairment of any of the Company's goodwill or intangible asset values. Amortisation is recorded in administrative expenses.

## Notes (continued)

### 9 Tangible assets

	Land and buildings freehold £000	Land and buildings leasehold £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
<b>Cost</b>						
At beginning of year	10,223	5,194	4,165	2,253	27,474	49,309
Additions	23	447	382	759	1,058	2,669
Acquired assets	-	-	53	-	-	53
Disposals	-	(84)	(322)	(357)	(2,400)	(3,163)
<b>At end of year</b>	<b>10,246</b>	<b>5,557</b>	<b>4,278</b>	<b>2,655</b>	<b>26,132</b>	<b>48,868</b>
<b>Accumulated depreciation</b>						
At beginning of year	2,600	3,040	2,792	1,385	20,200	30,017
Charge for year	253	379	256	316	2,065	3,278
Acquired assets	-	-	17	-	-	17
Disposals	-	66	(240)	409	(1,746)	(1,511)
<b>At end of year</b>	<b>2,853</b>	<b>3,485</b>	<b>2,825</b>	<b>2,110</b>	<b>20,518</b>	<b>31,801</b>
<b>Net book value</b>						
<b>At 31 December 2020</b>	<b>7,393</b>	<b>2,072</b>	<b>1,453</b>	<b>545</b>	<b>5,616</b>	<b>17,068</b>
<b>At 31 December 2019</b>	<b>7,623</b>	<b>2,154</b>	<b>1,373</b>	<b>868</b>	<b>7,274</b>	<b>19,292</b>

Freehold land amounting to £3,148,000 (2019: £3,148,000) has not been depreciated.

The net book value of leasehold improvements for land and buildings comprises:

	2020 £000	2019 £000
Long leasehold	1,797	1,871
Short leasehold	275	283
	<b>2,072</b>	<b>2,154</b>

## Notes (continued)

### 10 Leases

The company has lease contracts for various offices, warehouses, equipment and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

#### i) Amounts recognised in the Balance sheet

	2020 £000	2019 £000
<b>Right-of-use assets</b>		
Property	53,097	62,027
Motor Vehicles	8,854	9,979
Equipment	484	89
<b>Total</b>	<b>62,435</b>	<b>72,095</b>
<b>Lease Liabilities</b>		
Current	(14,726)	(13,860)
Non-current	(57,255)	(68,500)
<b>Total</b>	<b>(71,981)</b>	<b>(82,360)</b>

Additions to the right-of-use assets during the 2020 financial year were £7,069,000 (2019: £9,505,000).

#### ii) Amounts recognised in the Profit and loss account

	2020 £000	2019 £000
<b>Depreciation charge of right-of-use assets</b>		
Property	(9,321)	(9,219)
Motor Vehicles	(4,840)	(4,427)
Equipment	(188)	(122)
<b>Total</b>	<b>(14,349)</b>	<b>(13,768)</b>
<b>Interest Expense</b>	<b>2,761</b>	<b>3,015</b>
<b>Expense relating to short term leases</b>	<b>534</b>	<b>327</b>
<b>Expense relating to leases of low-value assets that are not shown above</b>	<b>9</b>	<b>-</b>

## Notes (continued)

### 10 Leases (continued)

Future minimum lease payments as at 31 December 2020 are as follows:

	2020 £000	2019 £000
Not later than one year	(17,056)	(16,763)
Later than one year and not later than five years	(41,280)	(48,801)
Later than five years	(30,116)	(36,699)
	<hr/>	<hr/>
Total gross payments	(88,452)	(102,263)
	<hr/>	<hr/>
Impact of finance expenses	16,471	19,903
	<hr/>	<hr/>
Carrying amount of liability	(71,981)	(82,360)
	<hr/> <hr/>	<hr/> <hr/>

The total cash outflow for leases in 2020 was £17,984,000 (2019 £16,731,000).

### 11 Investments

#### Investments in subsidiary undertakings

	Cost £000	Net book value £000
At 1 January and 31 December 2020	999	999

#### Subsidiary undertakings

In accordance with section 409 of the Companies Act 2006, a full list of the Company's subsidiary undertakings and their registered office addresses are disclosed below. Unless otherwise stated the subsidiary undertakings listed are wholly owned and held directly by the Company with ordinary shares issued. The Company does not have any joint venture companies or associated undertakings.

Subsidiary undertakings	Principal place of business	Registered office address
Yorse No. 1 Limited	United Kingdom	York House, 45 Seymour Street, London W1H 7JT, United Kingdom
GrowModule 365 Limited	United Kingdom	York House, 45 Seymour Street, London W1H 7JT, United Kingdom
Bunzl Hospitality Supplies Ireland Limited	Republic of Ireland	Earlsfort Terrace, Dublin 2, D02 T380, Ireland

## Notes (continued)

### 12 Stocks

	2020 £000	2019 £000
Finished goods for resale	73,987	68,118

During the year £1,277,000 (2019: £436,000) was written off from inventories due to obsolescence or damage. The provision for slow moving, obsolete or defective inventories at 31 December 2020 was £26,166,000 (2019: £15,901,000). There has been no reversal of inventory write-down during the year (2019: £nil).

### 13 Debtors: amounts falling due within one year

	2020 £000	2019 £000
Trade debtors	93,385	110,247
Amounts due from fellow group undertakings	111,676	93,744
Prepayments and accrued income	21,623	34,085
Derivative financial assets	-	10
Deferred tax asset (see Note 15)	4,117	4,113
	<u>230,801</u>	<u>242,199</u>

The carrying amount of debtors is a reasonable approximation to their fair value. Derivative financial assets are valued based on discounting expected future cash flows using observable inputs and translating at the appropriate balance sheet date exchange rates, a level 2 fair value measurements technique.

Amounts due from fellow group undertakings are unsecured and repayable on demand. Amounts due are either non-interest bearing or have interest payable at Bank of England base rate plus a margin.

The expected credit loss provision in respect of trade debtors was £5.3m (2019: £3.1m).

### 14 Debtors: amounts falling due after one year

	2020 £000	2019 £000
Prepayments and accrued income	3,134	2,925

## Notes (continued)

### 15 Deferred tax

Recognised deferred tax assets are recorded within debtors and are attributable to the following:

	Intangible assets £000	Capital allowances £000	Leases £000	Other timing differences £000	Total £000
At 1 January 2019	(349)	764	1,012	3,290	4,717
Charged to profit or loss	(111)	(75)	(72)	(313)	(571)
Acquired assets	-	-	-	(33)	(33)
<b>Balance at 31 December 2019</b>	<b>(460)</b>	<b>689</b>	<b>940</b>	<b>2,944</b>	<b>4,113</b>
(Charged) / credited to profit or loss	(178)	(58)	30	218	12
Acquired assets	-	-	-	(8)	(8)
<b>At 31 December 2020</b>	<b>(638)</b>	<b>631</b>	<b>970</b>	<b>3,154</b>	<b>4,117</b>

Deferred tax is calculated in full on temporary differences under the liability method at 19% (2019: 17%). There are no unrecognised deferred tax assets or liabilities (2019: none).

### 16 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Bank loans and overdrafts	5,516	3,868
Trade creditors	81,898	122,176
Amounts due to fellow group undertakings	120,853	119,211
UK corporation tax payable	3,108	7,334
VAT payable	4,446	6,076
Social security and PAYE	1,409	2,244
Other creditors	41,498	24,772
Derivative financial liability	375	-
Accruals and contract liabilities	27,133	14,030
	<b>285,237</b>	<b>299,711</b>

Amounts due to fellow group undertakings are unsecured and repayable on demand. Amounts due are either non-interest bearing or have a market rate of interest payable based on the Bank of England base rate.

Bank loans and overdrafts are guaranteed under a cross guarantee structure by certain group companies participating in a bank account pooling arrangement.

### 17 Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Other creditors	257	2,692
Accruals and contract liabilities	285	285
	<b>552</b>	<b>2,977</b>

## Notes (continued)

### 18 Provisions for liabilities

	Dilapidations £000	Other provisions £000	Total provisions £000
At 1 January 2020	7,652	656	8,308
Provisions created during the year	3,360	805	4,165
Provisions transferred during the year	156	(156)	-
Provisions utilised during the year	(494)	(207)	(701)
Provisions released during the year	(470)	(34)	(504)
	<u>10,204</u>	<u>1,064</u>	<u>11,268</u>
At 31 December 2020	<u>10,204</u>	<u>1,064</u>	<u>11,268</u>

The provisions relate to a number of property lease contract costs, dilapidations and environmental costs provided for subsequent to the Company's acquisitions of the trade, assets and liabilities of certain businesses. These provisions cover the length of the lease agreements which typically extend for one to ten years. Other provisions relate mainly to other property and legal costs. No reasonable possible change in key assumptions would result in a material adjustment to the value of the provisions at year-end.

### 19 Called up share capital

Called up share capital	2020 £000	2019 £000
<i>Issued, allotted, called up and fully paid</i>		
1,000,000 ordinary shares of £1 each (2019: 1,000,000)	<u>1,000</u>	<u>1,000</u>

### Reserves

Interim dividends paid are recorded in the profit and loss reserve as shown in the Statement of changes in equity. There were no interim dividends paid during the year (2019: £22,000,000).

### 20 Commitments and contingent liabilities

There were no capital commitments or contingent liabilities at the end of the financial year (2019: nil).

## Notes (continued)

### 21 Transfers of trade and assets

Bodyguard Workwear Limited, Spectrum Hygiene Limited and Catered 4 Limited are UK incorporated companies which are indirectly owned by the Company's ultimate holding company, Bunzl plc. As part of a group reorganisation the trade, assets and liabilities of Bodyguard Workwear Limited, Spectrum Hygiene Limited and Catered 4 Limited were acquired by the Company at £1,989,000 on 31 December 2020. The consideration of £1,989,000 was left outstanding as an inter-company payable.

	Bodyguard Workwear Limited	Spectrum Hygiene Limited & Catered 4 Limited	Total
Tangible Assets	36	-	36
Right of use Asset	347	-	347
Stock	823	159	982
Deferred Tax	(8)	-	(8)
Debtors	964	341	1,305
Cash at bank and in hand	-	992	992
Creditors	(843)	(482)	(1,325)
Lease Liability	(344)	-	(344)
<b>Net assets acquired</b>	<b>975</b>	<b>1,010</b>	<b>1,985</b>