

A full-page photograph of two firefighters in winter conditions. The firefighter on the left is wearing a red helmet and orange protective suit, holding a wooden-handled tool. The firefighter on the right is wearing a yellow helmet and black protective suit with reflective yellow stripes, also holding a tool. They are surrounded by falling snow, and the background shows a red metal structure.

SUPPORTING BUSINESS EVERYWHERE

ANNUAL REPORT 2011

BUNZL



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We are a focused and successful international distribution and outsourcing group with operations across the Americas, Europe and Australasia.

We support businesses all over the world with a variety of products that are essential for our customers in the successful operation of their businesses.

By outsourcing the purchasing, consolidation and distribution of a broad range of everyday items, our customers are able to focus on their core businesses, achieve purchasing efficiencies and savings, free up working capital, improve distribution capabilities and simplify their internal administration.

FINANCIAL HIGHLIGHTS

+7%

Revenue at constant exchange rates

+10%

Operating profit* at constant exchange rates

+13%

Adjusted earnings per share† at constant exchange rates

+13%

Dividend per share

	2011	2010	Growth	
			Actual exchange rates	Constant exchange rates
Revenue £m	5,109.5	4,829.6	6%	7%
Operating profit £m	279.3	255.7	9%	10%
Operating profit* £m	335.7	306.7	9%	10%
Profit before tax £m	193.7	225.2	(14)%	(13)%
Profit before tax† £m	306.1	276.2	11%	11%
Basic earnings per share p	38.2	49.1	(22)%	(22)%
Adjusted earnings per share† p	68.5	60.6	13%	13%
Dividend per share p	26.35	23.35	13%	

*Before intangible amortisation and acquisition related costs

†Before intangible amortisation, acquisition related costs and disposal of business

GROUP AT A GLANCE

WHERE WE OPERATE

We have facilities in 23 countries across four business areas: North America, UK & Ireland, Continental Europe and Rest of the World.

NORTH AMERICA

£2,727.9m

Revenue

£169.2m

Operating profit*

UK & IRELAND

£996.6m

Revenue

£60.2m

Operating profit*

CONTINENTAL EUROPE

£1,067.1m

Revenue

£95.6m

Operating profit*

REST OF THE WORLD

£317.9m

Revenue

£28.4m

Operating profit*

*Before intangible amortisation and acquisition related costs

OUR MARKETS

We provide a 'one stop shop' distribution and outsourcing service supplying a broad range of internationally sourced non-food products to a variety of market sectors.



FOODSERVICE 29%

Non-food consumables, including food packaging, disposable tableware, guest amenities, catering equipment, cleaning products and safety items, to hotels, restaurants, contract caterers, food processors and the leisure sector.



SAFETY 8%

A complete range of personal protection equipment, including hard hats, gloves, boots and workwear, to industrial and construction markets.



HEALTHCARE 7%

Disposable healthcare consumables, including gloves, swabs, gowns and bandages, to the healthcare sector.



GROCERY 30%

Goods not for resale (items grocers use but do not actually sell), including food packaging, films, labels and cleaning and hygiene supplies, to grocery stores, supermarkets and retail chains.



CLEANING & HYGIENE 14%

Cleaning and hygiene materials, including chemicals and hygiene paper, to cleaning and facilities management companies and industrial and healthcare customers.



NON-FOOD RETAIL 8%

Goods not for resale, including packaging and a full range of cleaning and hygiene products, to department stores, boutiques, office supply companies, retail chains and home improvement chains.



OTHER 4%

A variety of product ranges supplied to other markets such as government and education establishments.

OUR PRODUCTS



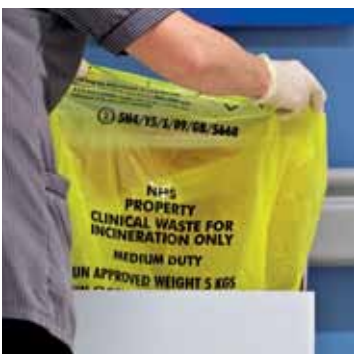
270

Warehouse locations throughout the world.



170,000 +

Deliveries made to Bunzl's customers every week.





18,000 +

Containers of products imported during 2011.



500,000 +

Separate stock keeping units of products held throughout the Group.



PLATFORM FOR GROWTH

For many years Bunzl has continued to pursue a consistent strategy of focusing on its strengths and consolidating the markets in which it competes.

OUR STRATEGY IN SUMMARY

Continually redefining and deepening our commitment to customers and markets, as well as extending our business into new geographies, remain important elements of our strategy. Our growth is achieved through a combination of:

- **Organic growth**
- **Acquisition growth**
- **Operating model efficiencies**

Strategy building blocks

- Unique business model
- Attractive markets
- Balanced business portfolio
- Operational focus
- Strong financial discipline
- Experienced management
- Acquisition strategy and track record

BUSINESS MODEL

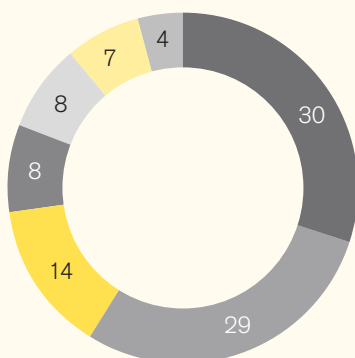
Our one stop shop offering for non-food consumables enables our customers to reduce or eliminate the hidden costs of sourcing and distributing numerous goods not for resale, thereby allowing them to focus on their core business more effectively and at the same time reduce their working capital.



MARKET CONTEXT

Through pursuit of our strategy we have built leading positions in a number of market sectors throughout the world.

- Grocery
- Foodservice
- Cleaning & hygiene
- Safety
- Non-food retail
- Healthcare
- Other



% 2011 revenue

Growth drivers

- Increasing trends to outsourcing
- Expansion of 'away from home' activity
- Global legislative trends for health & safety
- Favourable demographics in healthcare

Fragmented markets

- No one does what we do, on our scale across our international markets
- Bunzl's national distribution networks provide competitive advantage

Customers

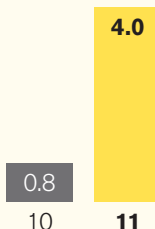
- Strong national, regional and local customer base
- Working with national and international leading companies

KEY PERFORMANCE INDICATORS

In order to measure our progress against our strategic objectives, we use a number of key performance indicators relating to the Group's operational performance and acquisition activity as well as other financial and environmental metrics.

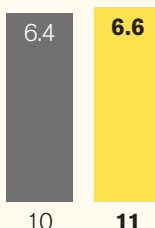
ORGANIC REVENUE GROWTH %

Increase in revenue for the year excluding the impact of currency, current year acquisitions and disposal of business, but including a pro rata part year in respect of prior year acquisitions. Sales of H1N1 prevention products in 2009 reduced the underlying organic revenue growth in 2010 by 1.0% from 1.8%.



PROFIT MARGIN %

Ratio of operating profit before intangible amortisation and acquisition related costs to revenue.



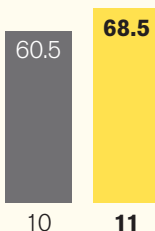
UNDERLYING PROFIT MARGIN %

Profit margin excluding the impact of currency, current year acquisitions and disposal of business but including a pro rata part year in respect of prior year acquisitions.



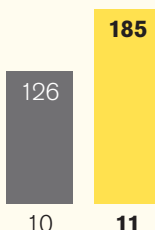
ADJUSTED EARNINGS PER SHARE p

Earnings per share excluding the impact of currency, intangible amortisation, acquisition related costs and disposal of business.



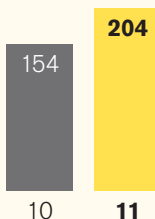
ACQUISITION SPEND £m

Consideration paid and payable, together with net debt assumed, in respect of businesses acquired during the year.



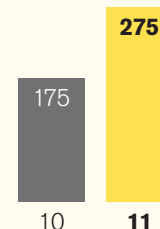
ANNUALISED REVENUE FROM ACQUISITIONS £m

Estimated revenue which would have been contributed by acquisitions made during the year if such acquisitions had been completed at the beginning of the relevant year.



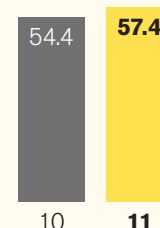
FREE CASH FLOW £m

Cash generated from operations less net capital expenditure, interest and tax.



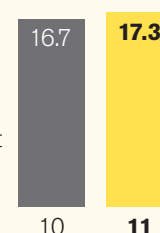
RETURN ON AVERAGE OPERATING CAPITAL %

Ratio of operating profit before intangible amortisation and acquisition related costs to the average of the month end operating capital employed, being tangible fixed assets, inventories and trade and other receivables less trade and other payables.



RETURN ON INVESTED CAPITAL %

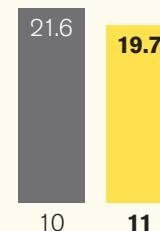
Ratio of operating profit before intangible amortisation and acquisition related costs to the average of the month end invested capital, being equity after adding back net debt, retirement benefit obligations, cumulative intangible amortisation, acquisition related costs and amounts written off intangible assets, net of the related tax.



SCOPE 1 CARBON EMISSIONS

Kgs of CO₂ per £000 revenue

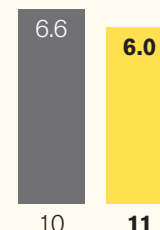
Measured in accordance with the Greenhouse Gas Protocol applying 2009 DEFRA conversion factors.



SCOPE 2 CARBON EMISSIONS

Kgs of CO₂ per £000 revenue

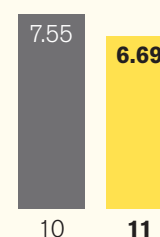
Measured in accordance with the Greenhouse Gas Protocol applying 2009 DEFRA conversion factors.



FUEL USAGE

Ltrs per £000 revenue

Diesel, petrol and LPG used in the Group's own vehicles.



All data for carbon emissions and fuel usage for each year is based on the 12 months ended 30 September.

CHAIRMAN'S STATEMENT



Philip Rogerson
Chairman

Bunzl's success is based on the strength and resilience of our business model, the execution of a consistent strategy, understanding our customers' requirements and our ability to deliver everyday essential products when and where they are needed.

RESULTS

Although the challenging macroeconomic conditions, which have recently created so much uncertainty across the international markets in which we operate, persisted throughout 2011, I am once again pleased to report a very strong set of results for the Group.

Revenue increased to £5,109.5 million (2010: £4,829.6 million), an increase of 7% at constant exchange rates, due to strong organic growth in North America, Continental Europe and Rest of the World combined with the impact of recent acquisitions, partly offset by lower sales in UK & Ireland.

Operating profit before intangible amortisation and acquisition related costs was £335.7 million (2010: £306.7 million), up 10% at constant exchange rates, as margins improved in all business areas. On the same basis the Group operating margin improved by 20 basis points to 6.6%. Adjusted earnings per share before intangible amortisation, acquisition related costs and the loss on disposal of business were 68.5p (2010: 60.6p), an increase of 13% at constant exchange rates.

Adverse currency translation movements, principally the US dollar, reduced the growth rates marginally, by less than 1%.

DIVIDEND

The Board is recommending a 13% increase in the final dividend to 18.3p. This brings the total dividend for the year to 26.35p, also a 13% increase. Shareholders will again have the opportunity to participate in our dividend reinvestment plan.

STRATEGY

We continue to pursue our established strategy of developing the business by organic growth and improved efficiencies and consolidating the markets in which we compete through focused acquisitions in both existing and new geographies.

We achieve our organic growth by applying our resources and expertise to enable customers to outsource to Bunzl the purchasing, consolidation and distribution of a broad range of goods not for resale. By doing so our customers are able to focus on their core business more cost effectively by achieving purchasing efficiencies and savings, freeing up working capital, improving their distribution capabilities and simplifying their internal administration. Acquisition activity, which started to pick up in 2010, continued strongly throughout 2011 with £185 million invested during the year acquiring businesses with annualised revenue of more than

£200 million. Having pursued our strategy consistently over many years, we have built leading positions in a variety of market sectors across the Americas, Europe and Australasia.

VENDING DISPOSAL

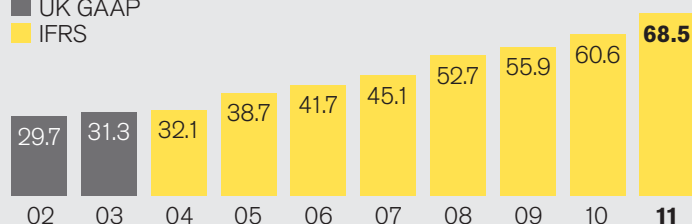
As announced on 30 August, we divested our vending business in the UK during the second half of the year. This business, originally acquired in 1999, no longer met our strategic aims and the Board therefore decided to sell it. The net cash proceeds amounted to £31 million and the loss on disposal was £56 million.

INVESTMENT

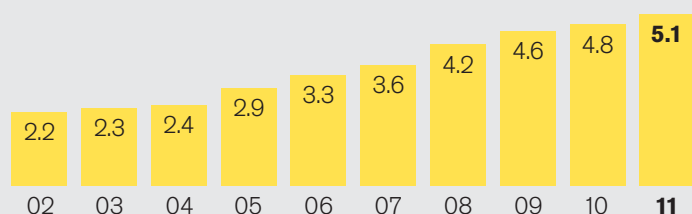
We have continued to invest in the business in order to support our growth strategy and ensure that we retain our competitive advantage, thereby maintaining our leadership in the marketplace. Improving and upgrading our IT systems and warehouse facilities, both as we integrate new businesses into the Group and look to improve our existing infrastructure, are critical to our success in being able to serve our customers in the most efficient and appropriate manner.

ADJUSTED EARNINGS PER SHARE p

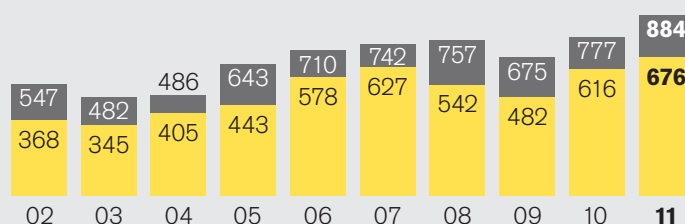
■ UK GAAP
■ IFRS



REVENUE £bn



SHARE PRICE RANGE p



OPERATING PROFIT* £m

02-05 continuing operations

*Before amortisation and acquisition related and corporate costs

■ UK GAAP
■ IFRS



CORPORATE RESPONSIBILITY

Bunzl is a responsible company which is only sustainable if we maintain profitability through business practices which positively impact stakeholders, whether customers, employees or suppliers. Business integrity together with committed, well trained employees working in a safe environment, focusing on reducing our environmental impact, contributing to the communities in which we operate, encouraging our suppliers to adopt a similar ethos and helping our customers to meet their Corporate Responsibility ('CR') goals, particularly those relating to sustainability, are all intrinsic to our everyday business. During 2011 we have developed and implemented tailored training modules covering our CR policies including those relating to our business conduct/code of ethics such as gifts and entertainment, facilitation payments and our whistle blowing process. In addition we have enhanced some of our existing CR associated controls and procedures and the due diligence processes undertaken prior to acquiring a business or when appointing agents. Our CR policies have also been shared with our key suppliers to promote similar levels of CR activity in their own businesses.

EMPLOYEES

As a service oriented company we continue to rely on the quality and efficiency of our employees across the world. One of the strengths of our business is the enthusiasm, loyalty and long service of our employees which assists in the continuity and delivery of our service offering as well as helping to ensure the smooth integration of newly acquired businesses into Bunzl. We are very grateful for the continuing hard work and commitment of all our employees and we welcome all the new employees who have joined the Group during 2011 whether through acquisition or recruitment.

CREDIT FACILITIES

The Group remains highly cash generative and we continue to have access to diverse sources of funding to achieve our strategic objectives. In 2011 our net cash inflow was £63 million despite cash expenditure of £161 million on acquisitions. In April 2011 we drew approximately £75 million (sterling equivalent) of US private placement funds which we had agreed in 2010 and during the year we also agreed approximately £350 million of medium term banking facilities, the vast majority of which were renewals of existing facilities. Our undrawn committed facilities at the end of the year were £621 million.

BOARD

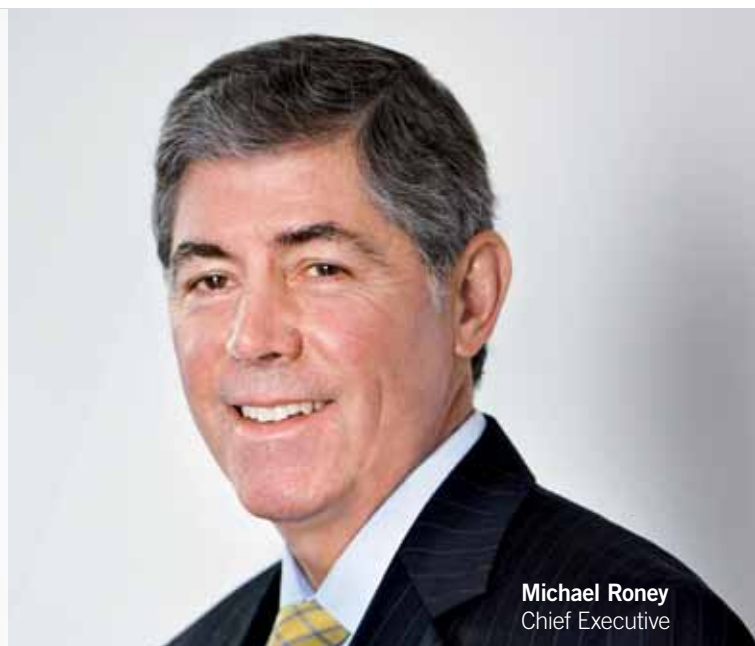
Charles Banks, who served as a non-executive director for almost nine years, latterly as Chairman of the Remuneration Committee, retired from the Board after our Annual General Meeting in April. His independent advice and significant contribution to our success were greatly appreciated. Peter Johnson, who has been a non-executive director since 2006 and the Senior Independent Director since 2010, was appointed as Chairman of the Remuneration Committee. Eugenia Ulasewicz was appointed as a non-executive director in April. Currently President of Burberry, Americas, she has a wealth of experience in the retail sector and has overseen the recent growth and successful development of Burberry's businesses in North and South America which includes both wholesale and retail businesses and an extensive distribution network. We welcome her to the Board.

Philip Rogerson

Philip Rogerson
Chairman
27 February 2012

CHIEF EXECUTIVE'S REVIEW

Against the background of challenging macroeconomic conditions, Bunzl has achieved excellent results. As a focused organisation we have again demonstrated the strength and depth of our customer proposition and shown our ability to grow and develop both organically and by acquisition in the markets in which we compete.



Michael Roney
Chief Executive

OPERATING PERFORMANCE

The positive momentum from 2010 continued in 2011 as we had another successful year due to a combination of organic growth, good performance from the acquisitions made in 2010 and increased acquisition spend during the year.

Although some currencies, notably the euro, were marginally stronger than in 2010, the translation effects of the weaker US dollar and overall currency movements have slightly reduced the reported growth rates of revenue and operating profit. The operations, including the relevant growth rates, are therefore reviewed below at constant exchange rates to remove the distorting impact of these currency movements. Changes in the level of revenue and profits at constant exchange rates have been calculated by retranslating the results for 2010 at the average rates used for 2011. Unless otherwise stated, all references in this review to operating profit are to operating profit before intangible amortisation and acquisition related costs.

Revenue increased 7% (6% at actual exchange rates) to £5,109.5 million and operating profit was £335.7 million, an increase of 10% (9% at actual exchange rates). The percentage growth in operating profit was greater than that of revenue due to the improvement in operating margins in all business areas which has resulted in a 20 basis point improvement in Group operating margin to 6.6%.

In North America revenue rose 7% (4% at actual exchange rates) due to strong organic growth and the impact of Cool-Pak and Netpak, which we acquired in August 2010 and July 2011 respectively, while operating profit increased 9% (6% at actual exchange rates). Revenue in Continental Europe rose 12% (14% at actual exchange rates) as a result of good organic growth and the impact of acquisitions completed in 2010 and 2011 and operating profit was up 17% (20% at actual exchange rates). In UK & Ireland revenue decreased by 1% at both constant and actual exchange rates primarily due to the persisting difficult economic conditions and weakness in some businesses. However operating profit rose 1% at both constant and actual exchange rates due to the positive impact of earlier cost reduction initiatives, product mix improvements in some businesses and the disposal of vending. In Rest of the World revenue increased 12% (20% at actual exchange rates) and operating profit was up 13% (19% at actual exchange rates) due to both good organic growth and the impact of acquisitions.

Basic earnings per share were lower at 38.2p (2010: 49.1p) due to the loss on disposal of the vending business but adjusted earnings per share, after eliminating the effect of intangible amortisation, acquisition related costs and the loss on disposal of vending, were 68.5p (2010: 60.6p), an increase of 13% at both constant and actual exchange rates. Return on average operating capital increased from 54.4% to 57.4% due to the improvement in operating margin and continued good working capital management.

Cash flow remained strong, with cash generated from operations of £390.1 million which was partly used to finance a cash outflow for acquisitions of £161.3 million and net capital expenditure of £20.9 million. Net debt at the year end was £652.9 million compared to £716.8 million at the end of 2010. Our net debt to EBITDA ratio reduced to 1.7 times compared to 2.1 times at the previous year end.

The efficiency of our operations has been further evidenced this year by the reduction, relative to revenue, of our Scope 1 and 2 carbon emissions. This has been achieved by a continued focus on the sustainability of our business, specifically by continuing to review the footprint of our facilities and installing energy saving equipment within them and using effective route planning and appropriate vehicles in those businesses which operate their own transport fleets. Our consolidated delivery of products supports our customers' efforts to reduce their environmental impact and this is further enhanced by our ever increasing offering of more environmentally friendly products.

ACQUISITIONS

During the year we announced ten acquisitions and committed to spend £185 million.

We expanded our business supplying catering equipment and disposables in Australia through the acquisition of Omega Hospitality in March and Hospitality Depot in May. Together these businesses have annualised revenue of approximately A\$27 million and have allowed us to penetrate further in this sector in New South Wales and Queensland.

MANAGEMENT TEAM

Managers from across the Group meet regularly to review performance, discuss trends affecting our businesses and seek further opportunities for growth and competitive advantage.



Patrick Larmon
President and CEO
North America



Celia Baxter
Director of Group
Human Resources



Brian May
Finance Director



Paul Budge
Managing Director
UK & Ireland



Paul Hussey
General Counsel and
Company Secretary



Frank van Zanten
Managing Director
Continental Europe



Nancy Lester
Director of Corporate
Development



Kim Hetherington
Managing Director
Australasia

At the end of March we acquired the business of Cannon Consumables which is principally engaged in the supply of cleaning and hygiene consumable products throughout the UK. Revenue for the year ended 31 March 2011 was £16 million.

During May we purchased King Espana which is a leading distributor of foodservice disposables and cleaning and hygiene supplies to the catering and cleaning sectors throughout Spain and has established a presence for Bunzl in Madrid and Valencia as well as reinforcing our business in Barcelona. Revenue was €29 million in 2010. In May we also completed the acquisition of the SIG Safety and Workwear business, a leading distributor of personal protection equipment and workwear to a variety of market sectors in the UK with revenue in 2010 of £22 million. The business complements and has expanded our existing business in the UK serving these markets.

Netpak, with revenue of C\$12 million in the year ended 30 June 2011, was acquired in July. Based in Canada, the business specialises in the supply of packaging supplies and equipment for both food and non-food products to a number of different sectors, including fruit and vegetable growers, and complements the business of Cool-Pak which was acquired in the US during the second half of the previous year.

The acquisition of Majestic Products and its associated businesses, which had revenue of €62 million in 2010, was completed in September and has extended our operations in the Netherlands into the personal protection equipment and safety sectors and expanded our safety supplies business in the US while at the same time providing a platform to develop the business further in Belgium and Germany.

In September we also acquired Ideal in Brazil which had revenue in 2010 of R\$42 million and is a leading supplier of cleaning and hygiene consumable products. This was an important step for Bunzl as it expanded our business in Brazil into the cleaning and hygiene sector for the first time. The acquisition of D-Care in the Netherlands, also in September, strengthened our healthcare business there. Revenue in 2010 was €5 million.

In November we completed the acquisition of Danny which was our fourth acquisition in the Brazilian market since we entered the country in 2008. The business, which had revenue in 2010 of R\$56 million and is growing strongly, is a leading supplier of personal protection equipment and complements our existing personal protection equipment operations in Brazil.

Today we are announcing the acquisition of CDW Merchants in the US. With revenue of \$12 million in 2011, the business is engaged in the sale of retail gift packaging and visual merchandising solutions and products to the specialty retail and online retailing sectors and will complement our existing non-food retail supplies business in North America.

DISPOSAL

In August we sold our vending business which was based in the UK and was no longer considered to be a strategic fit within the Group. Revenue in 2010 was £68 million. We believed that the funds generated from the disposal would be more usefully employed in our core, higher return and higher growth businesses.

PROSPECTS

Even though the outlook for economic growth remains uncertain, especially for Europe, we believe that our resilient business model and strong market position will provide further opportunities for the development of the Group. In North America we expect continued strong organic growth with stable operating margins. In Continental Europe, while we anticipate lower organic growth compared to 2011 as a result of the reduced economic growth forecasts for many European economies, we will benefit from the positive impact of the acquisitions completed in 2011. In UK & Ireland, in spite of the ongoing sluggish economy, we expect to see an improved performance this year. Rest of the World should experience strong organic growth and the full year impact of the acquisitions made in 2011 will enhance the overall results.

Acquisition growth continues to be a key part of our strategy. The pipeline for acquisitions is promising as we continue discussions with a number of potential targets.

Despite the continuing economic uncertainties, the Board believes that our business will continue to grow and develop due to our strong market position, our consistent cash flow and the numerous opportunities we have to consolidate further the markets in which we compete.

Michael Roney
Chief Executive
27 February 2012

NORTH AMERICA

9%

Increase in operating profit at constant exchange rates with improvement in operating margin.

In North America revenue increased by 7% to £2,727.9 million due to both sales growth with existing customers and new business wins, particularly in our largest business sector, grocery, and some product price increases. This sales growth, together with the impact of our margin enhancement programmes and cost saving initiatives, contributed to a 9% increase in operating profit to £169.2 million.

We continued to expand in grocery by increasing our business with existing accounts as well as adding new customers, including one of the largest retailers in North America. Our ability to provide direct store delivery, cross dock or warehouse replenishment programmes continues to provide us with new opportunities.

Activity levels in the foodservice sector improved during the year, contributing to increased sales in our redistribution business. Additionally, new programmes for imported items and private label and new products expanded our position with several national foodservice customers as well as others operating in different sectors. Our one stop shop approach, on time delivery programme, availability of products and committed sales teams have all contributed to increased sales. Our suppliers have also taken advantage of our efficient warehouse network and dependable delivery system to handle their smaller, less than truckload, accounts.

Our food processor business continued to deliver strong sales gains as the result of new customer wins, increased product penetration within existing accounts and innovative products and systems to help our customers become more cost competitive and efficient on the production side. The installation of our first carousel picking system in R3 Safety has contributed to warehouse efficiencies and has also allowed us to handle more small and individual items needed by many of our customers. We continue to service a broad range of customers including meat processors, fresh cut produce processors, bakeries, home meal processors and other specialty food processors in all areas of the foodservice supply chain. Cool-Pak, acquired in 2010, has been successfully integrated and has opened up new opportunities for us in the field pack produce market as well as new geographical areas such as Mexico for these types of products and the recent acquisition of Netpak has further expanded our business in this sector. We continue to invest in traceability products since this is becoming an important part of the food processor safety initiative.

The non-food retail business continued to grow with several new customer wins during the year, the introduction of new and unique packaging designs and products for a variety of retailers and incremental business with our existing customers. We continue to use our

import and global sourcing capabilities to find packaging solutions that will help our customers market their own products as well as address environmental issues through the use of additional green products and initiatives. Our ability to partner with other Group companies in Europe and Australasia is an advantage that we use to develop and supply new packaging concepts and the acquisition of CDW Merchants in February 2012 will further extend our customer base, particularly in the specialty and online retail sectors.

Despite higher fuel costs impacting consumers throughout the year and increased competition from cross channel distributors, our convenience store sector experienced strong sales growth. Our well trained and experienced sales force has worked closely with the large convenience store chains to provide services and products that respond to their needs and those of the customers they serve. Additionally we have developed several programmes with suppliers to provide some small retail products to these chains.

Our strategic sourcing initiative has once again helped us to strengthen our relationships with our preferred suppliers resulting in the development of unique programmes and products which have contributed to more competitive prices for our customers. We also continue to expand our range of private label products and import product lines to provide a number of different options for our customers and meet the needs of all of the sectors we service. Investment in our state of the art consolidation warehouse in Shanghai has continued and we have further developed our resources there which enable us to provide comprehensive quality control services and audit our suppliers. This has improved our marketing abilities when presenting to prospective customers as we can provide such services to many of our customers who do not have the same capabilities.

Despite continuing increases in fuel, freight and healthcare expenses, our operating costs decreased as a percentage of sales principally due to the revenue growth and several cost reduction initiatives implemented during the year including further consolidation of facilities. New warehouse technology and equipment such as the carousel system in our R3 Safety business and increased opportunities for freight backhaul revenue from our suppliers have contributed to this decrease. Additionally our safety statistics improved during the year which resulted in less lost time throughout the warehouse network.

Our value proposition, single IT platform, strong financial position and coast to coast distribution network continue to position us well to meet the future needs of our customers in all of our market sectors.



CONTINENTAL EUROPE

£1,067m

Record level of sales as business area revenue exceeds £1 billion for the first time.



Revenue rose by 12% to £1,067.1 million and operating profit rose 17% to £95.6 million. Overall our businesses delivered good organic sales growth and continued tight cost control offset the impact of ongoing pricing pressure in our markets, thereby improving our operating margins. The business area also benefited from the impact of acquisitions and the associated synergies which have been achieved.

In France, our cleaning and hygiene business saw a return to modest sales growth after a decline in 2010. Although the healthcare and public sectors in particular have been under some pressure due to spending cuts which continue to impact our business, the cost reduction measures undertaken during 2010 and in early 2011 have led to an improvement in operating profit. Our personal protection equipment business enjoyed robust sales growth, in particular from increasing our share of business with a number of larger customers, leading to an increase in operating profit.

In the Netherlands, sales grew significantly in our businesses supplying the food and non-food retail sectors as well as in healthcare although the horeca (hotel, restaurant and catering) sector continues to be more challenging. Van't Veer Verpakkingen, acquired in October 2010, has integrated well into our existing healthcare business. In September we acquired D-Care which distributes medical disposable products to the healthcare sector. This acquisition significantly enhances our position in healthcare and has traded ahead of expectations.

In September we also completed the acquisition of Majestic Products in the Netherlands and its associated companies in Belgium, Germany and the US which are principally engaged in the supply of personal protection equipment and safety products. The businesses have continued to deliver strong sales and profit growth since acquisition and are integrating well into the Group.

In Belgium, we recorded sales growth in both the cleaning and hygiene and retail sectors. Margin pressure, particularly in the public and healthcare sectors, was partially offset by the full year impact of synergies generated from the July 2010 acquisition of Global Net which continues to outperform expectations at the time of acquisition.

In Germany, sales grew well, especially with larger accounts and in the hotel, bakery and wholesale sectors which, together with some cost benefits particularly relating to improved transport efficiencies, resulted in improved profits.

In Switzerland, our business which we acquired in March 2010 has delivered strong sales growth in the medical and industrial sectors and good growth in the horeca sector, more than offsetting some weakness in retail. Margins have benefited from the strengthening of the Swiss franc although this has partly held back sales growth in recent months. Costs have been tightly controlled, further contributing to the significant improvement in operating profits.

In Denmark, sales growth has been modest in retail consumables and safety products and strong in horeca disposables. Further cost reduction measures from warehouse integrations have led to a significant improvement in operating margins.

In Spain, sales growth in cleaning and hygiene has been modest with some margin pressure in continuing challenging economic circumstances. The acquisition of King Espana in May significantly increased our coverage in the cleaning and hygiene market and improved our position in horeca. The business is integrating well into the Group. Although our safety business has seen volume declines, it has managed to pass on significant raw material price rises which helped to improve operating margins during the course of the year.

In central Europe, growth in the cleaning and hygiene and safety sectors was offset by a decline in the retail sector as some larger customers sourced directly from manufacturers. However, towards the end of the year we saw the first signs for some years of retailers investing in new stores in the region. Operating margins improved due to further cost reductions in what remains a difficult economic environment.

In Israel, Silco, our horeca disposables business has delivered strong sales growth from some new customer wins and has improved operating margins such that profits are well ahead of expectations.

CHIEF EXECUTIVE'S REVIEW CONTINUED

UK & IRELAND

66.4%

Return on operating capital, the highest of all of the business areas.



Our businesses in UK & Ireland have continued to focus on margins and operating costs to counter the lower demand we are experiencing in certain sectors of the market due to the difficult trading environment which many of our customers are currently facing. The pressure on sales has led to a 1% decline in revenue to £996.6 million although operating profit increased 1% to £60.2 million. Working capital has again been tightly managed resulting in strong cash flows.

In spite of lower levels of demand, we have seen inflationary pressures which have resulted in rising fuel costs and price increases on products purchased from most sources of supply. We have worked hard to pass these increases on to our customers in a difficult market in order to minimise the impact on margins. We continue to examine and rationalise our operating platform. As leases have come to an end, we have been able to reduce the warehouse footprint further.

Our portfolio of hospitality businesses has been simplified with the sale of the vending operations which had revenue of £42 million and made no contribution to profits in 2011. This leaves us focused solely on the activity of distribution to our customers. The catering disposables business has performed well through developing its own exclusive brands which have proved attractive to the market. This programme has helped to retain customers and relieve the pressure on margins. Our catering equipment business has performed well, helped by increased levels of direct marketing and continued development of our range of imported products.

In our food retail business we have seen reduced levels of trading with some customers, particularly in the latter part of the year, and customers are seeking lower prices and more efficient solutions. However we have been able to respond to these demands and achieved good results which were bolstered by winning a major new account which helped to offset lower sales with other customers. Our non-food retail packaging business has continued to develop well. Although its customer base on the high street is facing significant challenges, strong performances from existing customers together with some good new customer wins have helped the overall results.

In cleaning and safety, a decline in spend by both the public sector and the construction market has been offset by strong demand from key contract cleaning customers. Our safety supplies business has needed to make further cuts to its cost base in response to the weaker market and is now well positioned to target fresh opportunities. The two acquisitions which we completed during the year, SIG Safety and Workwear and Cannon Consumables, have been successfully integrated into the Group and helped to enhance our existing businesses through new customer relationships and product procurement synergies.

The healthcare business continues to operate in an environment which is strongly affected by government spending constraints. Constant tender activity has commoditised a number of product ranges which has put pressure on margins but to counter this we have continued to expand our range of own label branded products that have an established reputation for quality in the medical and surgical consumables market.

In Ireland our businesses have been able to stabilise sales in 2011 and an improvement in margins and a reduction in costs led to an increase in profitability which is a creditable performance in a very difficult market. Achieving some growth in our market share and an improvement in tourism has helped to grow the hospitality supplies business and new customer wins have increased our penetration of the contract cleaning sector. These two strong performances have offset the continued decline in the convenience retail and redistribution sectors. We have also worked closely with chosen suppliers and further developed our range of imported and own label products which has helped relieve some of the pressure on margins.

REST OF THE WORLD

12%

Increase in revenue at constant exchange rates due to good organic growth and impact from acquisitions.



In Rest of the World revenue increased 12% to £317.9 million while operating profit rose 13% to £28.4 million. Both Australasia and Brazil experienced good organic revenue growth and improvements in operating margins with the results also boosted by the impact of acquisitions.

In Australasia our largest business, Outsourcing Services, which supplies the healthcare, cleaning and catering sectors continued to perform strongly and delivered excellent results. The business has successfully grown market share and in particular made significant inroads into the supply of medical consumables into existing healthcare customers, further consolidating the supply chain. Although our food processor business performed below expectations, it made good progress with new business gains in the last quarter of the year with non-meat food processors and this should help drive momentum in 2012. The business has also made significant improvements in its operational platform following the implementation of the main IT system in late 2010. Our catering equipment businesses had a better year, with some new business wins with quick service restaurant customers and the introduction of our own label branded products helping the results. In September we successfully implemented the first of our catering equipment businesses onto the main IT platform. The remaining businesses

will now follow in 2012 and this will improve our capability to trade electronically with customers and suppliers and become more efficient operationally. Our two newly acquired businesses, Omega Hospitality and Hospitality Depot, are integrating well. Their additional scale has created improved buying opportunities which will benefit margins for all of our branches in this sector.

To facilitate the growth in New South Wales we are investing in a new distribution centre near Sydney where we will consolidate all of our businesses in the area as their individual leases expire. This will bring significant operational efficiencies and facilitate future growth in Australia's most populated region. During the year we made further enhancements to our Shanghai consolidation facilities with improvements to our systems and supply chain. In 2012 we plan to expand these operations into Southern China which will provide similar efficiencies for our supplier network in this region. These initiatives remain a source of competitive advantage enabling faster implementation of new product categories while enabling more effective use of working capital.

In Brazil we continued to show strong growth in both revenue and operating profit, despite the distortions in the economic environment due to high interest rates and a very strong real, as a result of good organic growth and the impact of acquisitions. The business expanded significantly during the second half of the year as a result of two acquisitions. Ideal, which was acquired in September, has extended our business into the cleaning and hygiene sector for the first time and has provided a platform for us to develop a strong presence in this sector in Brazil. Danny, which was completed in November, has substantially expanded our personal protection equipment business in the region.





TRUSTED SUPPLIER

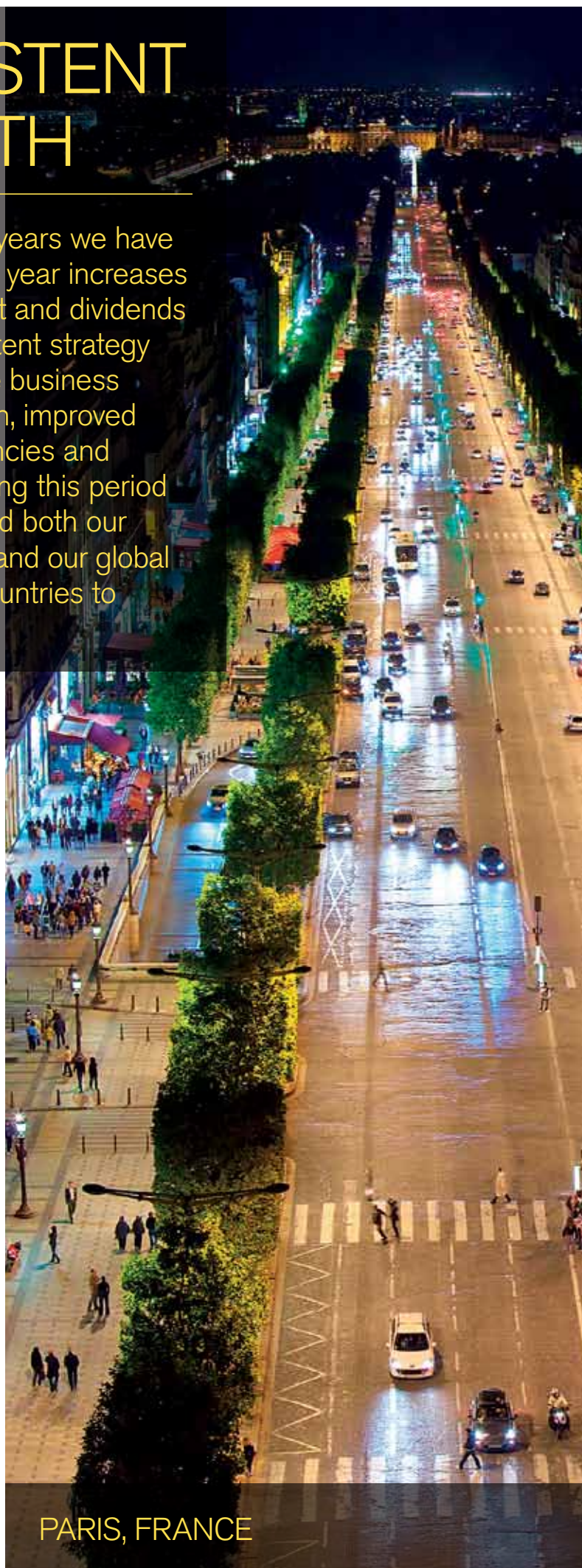
As a critical supplier of everyday essential items, our customers rely on our sourcing expertise, the depth and breadth of our product offering and the service that we provide from our extensive network of distribution facilities.

CONSISTENT GROWTH

Over the last 10 years we have delivered year on year increases in operating profit and dividends through a consistent strategy of developing the business by organic growth, improved operating efficiencies and acquisitions. During this period we have extended both our range of service and our global reach from 11 countries to 23 countries.



CHICAGO, USA



PARIS, FRANCE



LONDON, UK



SYDNEY, AUSTRALIA

ONE STOP SHOP

We support businesses everywhere by providing a consolidated product offering of goods our customers need to run their businesses. From coffee stirrers, floor cleaning materials and safety equipment to retail packaging supplies and healthcare consumables, we provide a one stop shop solution for everything they require.





FINANCIAL REVIEW

Acquisition spend of £185 million will add more than £200 million of annualised revenue.

+7%

Increase in revenue at constant exchange rates

68.5p

Adjusted earnings per share increased by 13%

GROUP PERFORMANCE

Revenue increased by 7% at constant exchange rates to £5,109.5 million (2010: £4,829.6 million) reflecting organic growth of 4% and the benefit of acquisitions. Operating profit before intangible amortisation and acquisition related costs increased by 10% at constant exchange rates to £335.7 million (2010: £306.7 million) as a result of both the revenue growth and an improvement in the operating profit margin from 6.4% to 6.6%. Currency translation had a less than 1% negative impact on the results for the year principally due to some weakening of the US dollar, largely offset by the strengthening of the euro, the Australian dollar and the Brazilian real. At actual exchange rates, revenue increased by 6% and operating profit before intangible amortisation and acquisition related costs increased by 9%.

Intangible amortisation and acquisition related costs of £56.4 million were up £5.4 million due to a £3.0 million increase in intangible amortisation and a £3.3 million increase in deferred consideration payments contingent on the continued employment of former owners of businesses acquired, partly offset by a £0.9 million decrease in transaction costs and expenses.

The net interest charge of £29.6 million was down £0.9 million due to lower average net debt levels and a higher return on pension scheme assets, partly offset by higher interest costs from a new fixed rate US private placement. Interest cover improved to 11.3 times compared to 10.1 times in 2010.

The Group disposed of the UK vending business on 26 August 2011 resulting in a loss on disposal of business of £56.0 million (2010: £nil). The loss on disposal comprises the cash

consideration of £32.0 million less the £87.0 million book value of assets disposed of and the associated transaction costs of £1.0 million.

Profit before income tax, intangible amortisation, acquisition related costs and disposal of business was £306.1 million (2010: £276.2 million), up 11% on 2010 at both constant and actual exchange rates due to the growth in operating profit before intangible amortisation and acquisition related costs and the benefit from the lower interest charge.

TAX

A tax charge at a rate of 27.5% (2010: 29.0%) has been provided on the profit before tax, intangible amortisation, acquisition related costs and disposal of business. Including the impact of intangible amortisation of £46.5 million, acquisition related costs of £9.9 million, the loss on disposal of £56.0 million and the associated deferred and current tax of £14.3 million, the overall tax rate is 36.1% (2010: 29.4%). The underlying tax rate of 27.5% is higher than the nominal UK rate of 26.5% for 2011 principally because many of the Group's operations are in countries with higher tax rates.

PROFIT FOR THE YEAR

Profit after tax of £123.8 million was down £35.2 million, primarily due to the loss on disposal of vending outweighing the 11% growth in profit before income tax, intangible amortisation, acquisition related costs and disposal of business.

EARNINGS

The weighted average number of shares increased to 324.0 million from 323.7 million due to shares issued for the scrip dividend and employee option exercises, partly offset

by shares purchased into the Company's employee benefit trust. Earnings per share were 38.2p, down 22% on 2010, due to the loss on disposal of business. After adjusting for intangible amortisation, acquisition related costs and the respective associated tax and the loss on disposal of business, earnings per share were 68.5p, an increase of 13% on 2010 at both actual and constant exchange rates.

The intangible amortisation and associated tax and the loss on disposal of business are non-cash charges which are not taken into account by management when assessing the underlying performance of the business. Similarly, the acquisition related costs and associated tax do not relate to the underlying performance of the business. Accordingly, such charges are removed in calculating the adjusted earnings per share on which management assesses the performance of the Group.

DIVIDENDS

An analysis of dividends per share for the years to which they relate is shown below:

	2011	2010	Growth
Interim dividend (p)	8.05	7.15	13%
Final dividend (p)	18.30	16.20	13%
Total dividend (p)	26.35	23.35	13%
Dividend cover (times)*	2.6	2.6	

*Based on adjusted earnings per share

ACQUISITIONS

The principal acquisitions made in 2011 were Omega, Cannon Consumables, Hospitality Depot, King Espana, SIG Safety and Workwear, Netpak, D-Care, Majestic, Ideal and Danny. Annualised revenue and operating profit before intangible amortisation and acquisition related costs of the businesses acquired were £204.3 million and £24.2 million respectively.

A summary of the effect of acquisitions is as follows:

	£m
Fair value of assets acquired	117.2
Goodwill	50.4
Consideration	167.6
Satisfied by:	
cash consideration	144.8
deferred consideration	22.8
	167.6
Contingent payments to former owners	15.7
Net cash acquired	(3.0)
Transaction costs and expenses	4.6
Total expected spend in respect of current year acquisitions	184.9

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

	£m
Cash consideration	144.8
Net cash acquired	(3.0)
Deferred consideration in respect of prior year acquisitions	7.4
Net cash outflow in respect of acquisitions	149.2
Acquisition related costs	12.1
Total cash outflow in respect of acquisitions	161.3

CASH FLOW

Cash generated from operations was £390.1 million, an £82.5 million increase from 2010, primarily due to a working capital inflow in 2011 of £31.4 million compared to a £12.7 million outflow in 2010, and a £29.9 million increase in profit before tax, intangible amortisation, acquisition related costs and disposal of business. The Group's free cash flow of £275.2 million was up £100.6 million from 2010. After payment of dividends in respect of 2010, a £12.6 million outflow on employee share schemes and an acquisition cash outflow of £161.3 million, partly offset by the £30.6 million net cash inflow from the disposal of business, the net cash inflow was £63.0 million which was used to reduce net debt. The summary cash flow for the year was as follows:

	£m
Cash generated from operations	390.1
Net capital expenditure	(20.9)
Operating cash flow	369.2
Operating cash flow to operating profit*	110%
Net interest	(30.6)
Tax	(63.4)
Free cash flow	275.2
Dividends	(68.9)
Acquisitions	(161.3)
Disposal of business	30.6
Employee share schemes	(12.6)
Net cash inflow	63.0

*Before intangible amortisation and acquisition related costs

BALANCE SHEET

Return on average operating capital employed before intangible amortisation and acquisition related costs rose to 57.4% from 54.4% in 2010 due to the operating profit margin increasing from 6.4% to 6.6% combined with continued strong working capital management. Return on invested capital increased from 16.7% in 2010 to 17.3%. Intangible assets increased by £12.2 million to £1,256.8 million reflecting goodwill and customer relationships arising on acquisitions in the year of £150.8 million, partly offset by the £71.2 million impact of the disposal of the UK vending business, a reduction of £20.9 million due to exchange and an amortisation charge of £46.5 million. At 31 December 2011 the Group's pension deficit was £74.3 million, a £22.0 million increase on 2010, primarily due to an actuarial loss of £35.5 million and the service cost of £5.5 million, partly offset by contributions of £17.2 million. The actuarial loss arose primarily as a result of the £23.3 million impact of changes in assumptions relating to the present value of scheme liabilities, principally due to lower discount rates partly offset by lower inflation rates, and the actual return on scheme assets being £12.6 million less than expected.

The movements in shareholders' equity and net debt during the year were as follows:

Shareholders' equity	£m
At 1 January 2011	796.4
Profit for the year	123.8
Dividends	(68.9)
Actuarial loss on pension schemes	(35.5)
Other	(9.1)
At 31 December 2011	806.7

Net debt	£m
At 1 January 2011	(716.8)
Net cash inflow	63.0
Currency	0.9
At 31 December 2011	(652.9)

Net debt to EBITDA (times)	1.7
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GOING CONCERN

Based on the expected future profit generation, cash conversion and current facilities' headroom over the 12 months to March 2013, the 2011 financial statements have been prepared on the going concern basis as described further in the Directors' report on page 32.

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 well as the level of total shareholders' equity and the amount of dividends paid to ordinary shareholders.

EXCHANGE RATES

Average	2011	2010
US\$: £	1.60	1.55
€: £	1.15	1.17
A\$: £	1.55	1.68
Brazilian real: £	2.68	2.72

Closing	2011	2010
US\$: £	1.55	1.57
€: £	1.20	1.17
A\$: £	1.52	1.53
Brazilian real: £	2.90	2.60

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 Group has a portfolio of competitively priced borrowing facilities to 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 and foreign currency 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.

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

FINANCIAL REVIEW CONTINUED

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 Group tests the effectiveness of hedges on a prospective and retrospective basis to ensure compliance with IAS 39 'Financial Instruments: Recognition and Measurement'. Methods for testing effectiveness include dollar offset, critical terms and regression analysis.

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. Additionally, compliance with debt covenants is monitored. During 2011 all covenants have been complied with.

The Group has substantial borrowing facilities available to it comprising multi-currency credit facilities from the Group's banks and US dollar and sterling bonds. The committed facilities maturity profile at 31 December 2011 is set out in the chart below. The undrawn committed facilities available to the Group at 31 December 2011 were £621.5 million (2010: £557.3 million).

INTEREST RATE RISK

The Group is funded by a mixture of floating and fixed rate debt. In addition, interest rate swaps and interest rate caps are used to manage the interest rate risk profile. At 31 December 2011 fixed rate debt of £425.2 million (2010: £347.4 million) related to fixed rate US dollar and sterling bonds stated at amortised cost with maturities ranging from 2014 to 2023.

At 31 December 2011 floating rate debt comprised £109.3 million of floating rate bank loans (2010: £245.6 million) and £159.9 million of fixed rate US dollar bonds which have been

swapped to floating rates using interest rate swaps (2010: £214.9 million). Bank loans are drawn for various periods of up to three months at interest rates linked to LIBOR. The interest rate swaps reprice every three or six months.

The interest rate risk on the floating rate debt is managed using interest rate options. Borrowings with a notional principal of £266.7 million were capped at 31 December 2011 (2010: £301.0 million).

FOREIGN CURRENCY RISK

The principal underlying currencies of the Group's earnings are sterling, US dollars and euros. The Group does not hedge the impact of exchange rate movements arising on translation of earnings into sterling at average exchange rates. For the year ended 31 December 2011, a movement of one cent in the US dollar and euro average exchange rates would have changed profit before tax by £0.8 million and £0.3 million respectively and profit before tax, intangible amortisation, acquisition related costs and disposal of business by £0.8 million and £0.6 million respectively.

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 significant exposures of firm commitments for a period of up to one year as soon as they are committed using forward foreign exchange contracts and these are designated as cash flow hedges. 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 on to customers the resulting price increases.

The majority of the Group's borrowings are effectively denominated in sterling, US dollars and euros, aligning them to the respective functional currencies of its operating profit

before depreciation, intangible amortisation and acquisition related costs ('EBITDA'). This currency profile, which is set out in the chart below as at 31 December 2011, is achieved using short term foreign exchange contracts, long term cross currency interest rate swaps and foreign currency debt. This currency composition minimises the impact of foreign exchange rates on the ratio of net debt to EBITDA.

CREDIT RISK

Credit risk is the risk of loss in relation to a financial asset due to non-payment by the 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 principal financial assets are cash and deposits, 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 and deposits, derivative financial instruments and trade and other receivables is their carrying amount.

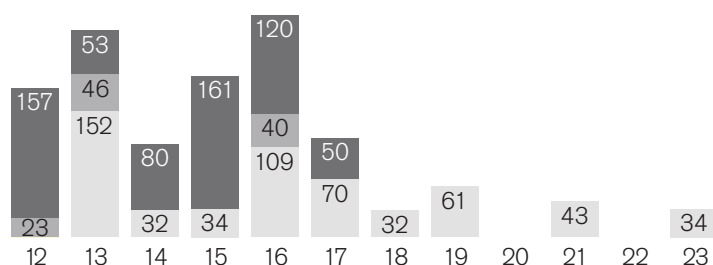
Dealings are restricted to those banks with the relevant combination of geographic presence and suitable credit rating. The Group continually monitors the credit ratings of its counterparties and the credit exposure to each counterparty.

For trade and other receivables, the amounts represented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

At the balance sheet date there were no significant concentrations of credit risk.

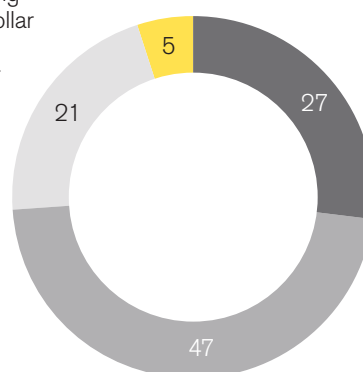
COMMITTED FACILITIES MATURITY PROFILE 2012–2023 £m

■ Bank facilities – undrawn
■ Bank facilities – drawn
■ US dollar and sterling bonds



CURRENCY PROFILE OF NET DEBT %

■ Sterling
■ US dollar
■ Euro
■ Other



CORPORATE RESPONSIBILITY

Efficient and ethical management of our business and long term relationships with all our stakeholders, whether customers, employees or suppliers, is key to our sustained business success.



STRATEGY

We believe that Corporate Responsibility ('CR') is not only about the good management of our business but also excellent and responsive long term relationships with all our stakeholders, whether customers, employees or suppliers. We have identified seven CR elements relevant to our business model: business conduct/code of ethics; employees; health & safety; environment; community; customers; and suppliers. These are governed by a policy framework, which is approved and monitored by the Board, with implementation at a business area level.

BUSINESS CONDUCT/CODE OF ETHICS

The Group's business conduct/code of ethics policy is disseminated to every employee as a guide to how employees are expected to conduct themselves both from a corporate and

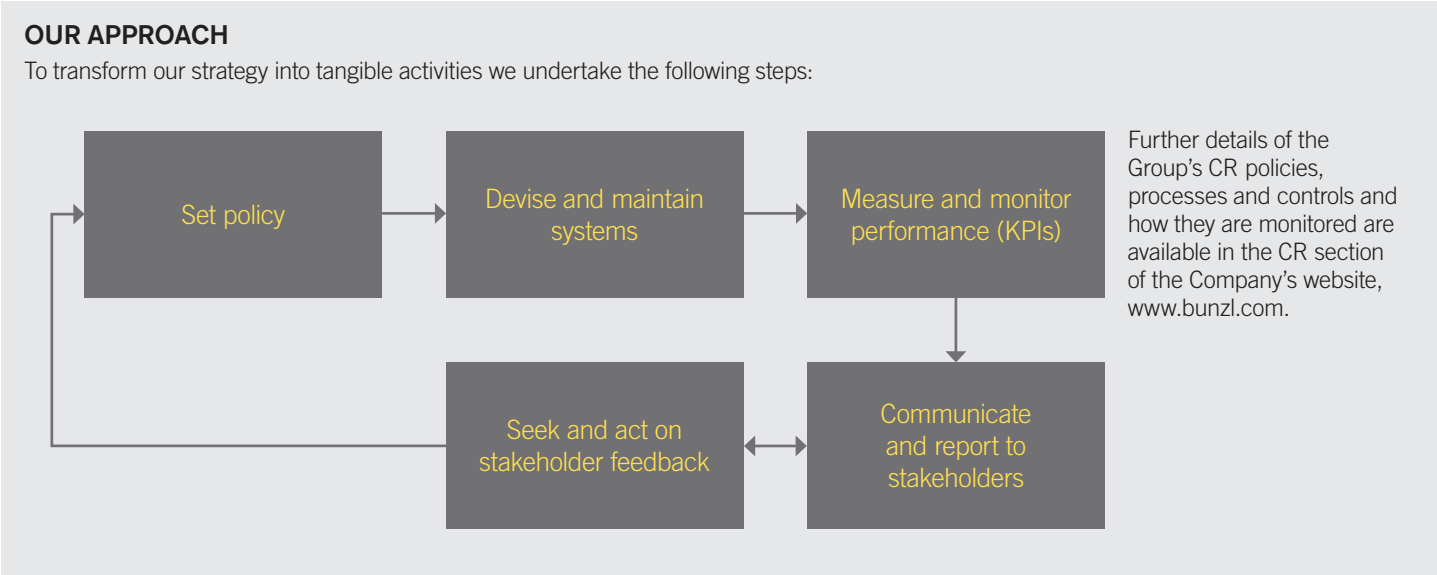
individual perspective. The policy clearly states that employees should avoid conflicts of interest, provides guidance on the giving and receiving of gifts and entertainment, prohibits illegal payments as well as political donations and reinforces the need to comply with laws, rules and regulations, protect confidential information and company assets and maintain high standards in relationships with our customers and suppliers.

No material breaches of our business conduct/code of ethics policy were recorded in 2011. However, some minor incidents relating to employee conduct, such as theft or misuse of the Group's property, did occur and were dealt with during the normal course of business using Group human resource ('HR') policies and procedures. Seven (2010: nine) calls/letters

were received through the 'Speak Up' process, none of which raised any issues of material concern.

Performance against 2011 objectives

- The business conduct/code of ethics policy has been amended taking into account the requirements of the Bribery Act to specifically ban the provision of facilitation payments. Further, we have enhanced existing controls such as the Gifts Register to ensure that both gifts received and given are recorded by employees in all companies in the Group. In addition we have introduced procedures for vetting of new agents prior to appointment and further enhanced our pre-acquisition due diligence processes to strengthen our review of reputational issues where appropriate to do so.



CORPORATE RESPONSIBILITY CONTINUED

We encourage our suppliers to set similar CR standards to ourselves while our consolidated delivery and product solutions assist our customers in meeting their sustainability goals.



- We have tailored a suite of nine e-learning modules which highlight the key responsibilities of employees in relation to CR. One of the modules provides an overview of the business conduct/code of ethics policy and this is supplemented by modules relating to anti-bribery issues such as facilitation payments and gifts and entertainment. A further module details our whistle blowing process 'Speak Up'. Training has commenced for all management and sales and purchasing staff across the Group.

2012 objectives

- CR training to be completed by April 2012 for all management and sales and purchasing staff across the Group.
- Monitor and review the new processes and procedures introduced in 2011 as a consequence of the Bribery Act.

EMPLOYEES

Bunzl currently operates in 23 countries worldwide. We are a service provider, not a manufacturer and, as such, our business relies heavily on the skills and experience of our employees. We pride ourselves on the fact that we run our businesses locally with local managers. We do not unfairly discriminate and we respect human rights. We seek to recruit the right people who are passionate about our business and provide opportunities for people to progress within the organisation on the basis of their skills, experience and aptitude. We believe that to get the best from people we need to respect each other and encourage

honest, straightforward communication. Our acquisition pipeline continues to be a valuable source of management talent for the Group and the completion of a number of acquisitions during the year has brought further highly skilled people into Bunzl.

Performance against 2011 objectives

- We have prepared for the launch of the 2012 Employee Survey. The survey will cover all employees in UK & Ireland, Continental Europe and Rest of the World which together represent two thirds of the Group's workforce.
- We have also continued to monitor key HR measures:
 - voluntary turnover remains at very low levels in all business areas other than Rest of the World, reflecting the current economic conditions within the countries in which we operate rather than any intrinsic reasons related to the Group; and
 - sickness absence has fallen or remained flat in all business areas.

2012 objectives

- Review the results of the 2012 Employee Survey and implement actions to address any issues identified.
- Continue to monitor key HR measures such as voluntary turnover, sickness absence, training days, workforce gender and age mix and, as appropriate, take action to address any issues that may arise.

HEALTH & SAFETY

The health and safety of our employees and other stakeholders is a priority. Although we try to minimise the risks which occur, particularly relating to the operation of our warehouses and vehicles, incidents relating to manual handling, slipping and tripping remain the highest cause of accidents. We are pleased to report that once again in 2011 there were no fatalities due to work related incidents (2010: no fatalities).

Performance against 2011 objectives

- 2011 was the first year that we set quantitative objectives for the reduction of accident incidence and severity rates. The target was a reduction of 5% of 2010 accident rates:
 - for the year ended 30 September 2011 our accident incidence rates increased by 1% although the actual number of time lost accidents across the Group fell by approximately 1%; and
 - for the same period our accident severity rates improved by 29%. This was principally due to better performance in North America and UK & Ireland.

Details of our performance from 2009 to 2011 are provided in the bar charts opposite. The accident data provided is for the whole Group with the exception of some of the most recent acquisitions which represent approximately 3% of the total workforce.

2012 objectives

- Reduce Group accident incidence rate by 3% from 2011.
- Reduce Group accident severity rate by 5% from 2011.

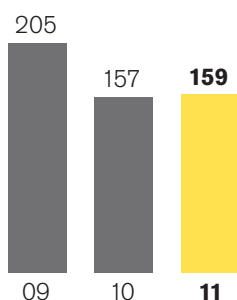


9%

Decrease in Scope 1 carbon emission rates

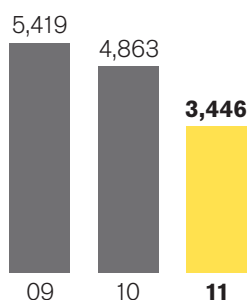
INCIDENCE RATE

Average number of incidents per month per 100,000 employees.



SEVERITY RATE

Average number of days lost per month per 100,000 employees.



ENVIRONMENT

We seek to prevent, mitigate and remediate the harmful effects of Bunzl's operations on the environment. To ameliorate our impact on and exposure to climate change, our facilities operate worldwide to Group standards, we promote environmental awareness throughout the business and our branch network mitigates against the effects of extreme local climate conditions. Bunzl had no environmental incidents in 2011.

Our direct water usage and emissions are minimal. Water usage is principally confined to workplace cleaning and hygiene purposes. In 2011 we conducted a water audit to confirm usage and any emissions to water. This has confirmed our initial view but we will continue to monitor both usage and emissions in our annual environmental audit.

ISO 14001 accreditation was renewed in a number of locations. To date all sites in UK & Ireland, Australasia and many sites in

Continental Europe are accredited. By revenue this represents more than 30% of the Group.

Performance against 2011 objectives

- To improve transparency we are now reporting our Scope 1 and 2 emissions performance separately. These figures cover more than 95% of the Group by revenue. Our target for 2011 was to reduce our carbon emissions relative to revenue by 2% from the 2010 base year.
- Scope 1: emission rates per £000 of revenue have decreased between 2010 and 2011 by 9% (see the KPI bar chart on page 7). Fuel for transportation contributes about 90% of Bunzl's Scope 1 emissions. The level of fuel consumption per £000 of revenue decreased year on year by 11% (see the KPI bar chart on page 7). We have continued to implement activities to improve fuel consumption such as changes to the fleet and routeing and managing driver behaviour. In addition the disposal of the vending

business in the UK and the identification of an area where fuel usage has historically been double reported have resulted in a 2% reduction in fuel consumed. However, the growth of the business has increased fuel consumption in some areas and replacement vehicles in the US consume more fuel but have improved emissions. Many of the businesses acquired in 2011 do not operate their own transport fleets. Natural gas consumption has been positively affected by a number of site consolidations and focus on usage and boiler maintenance.

- Scope 2: emission rates per £000 of revenue have decreased between 2010 and 2011 by 9% (see the KPI bar chart on page 7). A number of measures have been taken to reduce electricity consumption including the installation of energy efficient lighting systems and voltage optimisation equipment, replacement of battery chargers with high frequency energy efficient chargers and 'Switch off' campaigns. During the year our businesses in Spain and Switzerland and the recent acquisitions in North America have reported their consumption for the first time.
- We have sought to improve the accuracy and collection of waste data. We have started to appoint waste disposal contractors who are able to provide us with more accurate data on the weight of waste collected from our sites. In addition there has been much activity in the Group to improve the segregation of waste, with some of our facilities achieving zero waste to landfill. Where segregation of waste for recycling is not possible we are seeking to increase waste to incineration in preference to landfill. We are currently measuring waste in UK & Ireland, parts of Continental Europe and

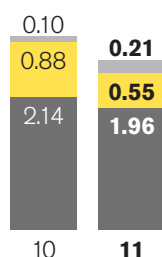
CORPORATE RESPONSIBILITY CONTINUED

Australasia where during 2011 there was a decrease in waste generated as shown in the bar chart below. We believe that the 2011 statistics represent improvement in data accuracy rather than a true reflection of our operational performance in this area year on year.

WASTE

Kgs per £000 revenue

■ Incinerated waste
■ General waste
■ Recovered/recycled waste



2012 objectives

- Using the 2010 data as the baseline, reduce the Scope 1 and 2 carbon emissions by 13% and 14% respectively.
- Continue to improve the accuracy of waste data and by the end of 2012 provide waste data covering at least 95% of our existing operations by revenue.

COMMUNITY

Although Bunzl's operations are international, our strength is in the local nature of our businesses. In keeping with this ethos, we particularly support the fund raising activities championed by our employees locally. This is supplemented by donations made at Group level to charities predominantly in the fields of healthcare, disability and the environment as well as benevolent societies to support projects in communities where our operations are based. Where possible and appropriate, Bunzl also looks to donate stock free of charge ('in-kind'). Group wide, Bunzl donated a total of £444,000 (2010: £430,000) to charities in 2011. This does not include in-kind donations or employee fund raising.

Performance against 2011 objectives

- We identified a further environmental project to support. This was the largest donation made last year and was to UNICEF to support the first stage of a project to heighten public awareness about the environmental risks and vulnerabilities in Rio de Janeiro, Brazil. It is hoped that through this digital mapping initiative, community led strategies for adapting to climate change risks will be strengthened. Other larger donations were made to support healthcare initiatives, which assist both our employees

and the communities in which they live, through Macmillan Cancer Support, Barts and the London Charity, Diabetes UK and the Alzheimer's Society.

- Group companies and employees worldwide have continued to support local charitable initiatives. In North America, employees raised money for the Ronald McDonald House in Colombia, Missouri, a 'home away from home' for families with children receiving medical treatment, while employees in a number of branches donated gifts for Toys for Tots to help disadvantaged local children. In Australasia, employees participated in the Parkinson's Unity walk raising money for research and awareness into Parkinson's disease and many have been fund raising for the earthquake victims in New Zealand. In the UK, employees have raised funds through taking part in sponsored runs and walks for Macmillan Cancer Support, Cancer Research, Brain Research Trust and Birmingham Children's Hospital.

- For the sixth consecutive year North America was honoured with a Greater St Louis Top 50 Business Shaping our Future Award from the St Louis Regional Commerce and Growth Association. Bunzl was honoured for being among the best companies in its field and for making significant contributions to the St Louis region and the future of its business community. In the UK, Greenham opened its doors to local school pupils for a health and safety tour as part of a project organised by a local school to allow pupils to gain an entry level health and safety award.

- We continued to make a number of in-kind donations of goods. In the UK, the majority of such donations have been made through In Kind Direct, while in Australasia donations of goods such as kitchen utensils, rubber boots, bin liners and various cleaning tools were made to assist victims of the Queensland floods. In North America, donations of janitorial, sanitation and foodservice products were made to assist the families hit by the Joplin, Missouri tornado.

2012 objectives

- Continue to support appropriate charitable projects in the fields of healthcare, environment and disability.
- Strengthen the links of the business with the communities in which we operate.

CUSTOMERS

As a service business, our ability both to anticipate and meet our customers' needs is key to our success. We strive to ensure that we provide high levels of service. We achieve this by building solid relationships at a local level by regularly meeting with and seeking feedback

from our customers. In line with our 2011 objective we have continued to provide innovative service and product solutions to meet our customers' needs including requirements to meet sustainability goals.

Performance against 2011 objectives

- In Switzerland we launched Ecoline, a new range of biodegradable cleaning detergents aimed at minimising environmental impact. Our guest amenities business in Europe launched a new eco magnetic keycard, mainly composed of renewably sourced wood and is manufactured with up to 98% plant materials, and became the sole distributor for a shower head that uses pulse technology to reduce water consumption and energy costs and can be used effectively in hotel rooms. A number of UK businesses have been working with customers and suppliers to decrease their waste by reducing the amount of packaging used to deliver our products to them.
- The Group has received a number of awards from our customers including Golbon's 2011 Non-Food Vendor of the Year Award and Select Marketing's operational excellence award received by the R3 business in North America. Keenpac in North America was recognised by the Retail Packaging Association for the Best Single Packaging Product and Best Co-ordinated Packaging Program. In the UK, Bunzl Lockhart won the CESA Light Equipment & Supplier Group Forum Supplier of the Year and Sales Professional of the Year Awards and Bunzl Catering Supplies Tamworth has been awarded Supplier of the Year by MPM Catering.

2012 objectives

- Continue to provide innovative products and improve customer service.

SUPPLIERS

Bunzl has relationships with many suppliers. We want our suppliers to meet the same CR standards we set ourselves and to that end we have set up our own quality assurance/quality control ('QA/QC') department as part of our purchasing office in Shanghai. Our QA/QC staff perform regular audits of many of our suppliers in Asia and work with our suppliers to implement appropriate CR standards.

Performance against 2011 objectives

- During the year we have contacted our key suppliers, i.e. those suppliers that provide us with 50% of our product by value, to update them on our CR aspirations and to encourage them to adopt a similar approach.

2012 objectives

- Continue to build long term sustainable relationships with our key suppliers.

RISKS AND OPPORTUNITIES

The Directors' report on page 31 details the principal risks and uncertainties which could have a material impact on the Group's business, financial condition or results of operations. Although many CR risks are not seen as principal risks to the Group, as part of the Group risk analysis the following CR risks which could impact the Group's business have been identified together with the steps taken by management to mitigate such risks:

Risk	Mitigating factors
<p><i>CR compliance failures</i></p> <p>Lack of adherence to the Group's CR policies could result in a variety of issues including those relating to inappropriate business practices, accidents at work and increased levies due to levels of waste or carbon emissions.</p>	<p>The Group has comprehensive CR policies and procedures (including those relating to anti-bribery and corruption) in place throughout the business as well as an established reporting framework.</p>
<p><i>Loss of key employees</i></p> <p>The Group is not capital intensive but the business is based on strong customer and supplier relationships which are built up locally. Stability of key relationship roles amongst the Group's employees is therefore important.</p>	<p>The Group seeks to secure key staff with appropriate incentive packages, development opportunities and career progression. Voluntary staff turnover is measured on a monthly basis, which enables any issues to be identified and resolved.</p>
<p><i>Loss of operating facilities/unavailability of staff</i></p> <p>Climate change may result in higher frequency of extreme weather conditions. This could result in some of the Group's facilities being affected or employees being unable to attend for work.</p>	<p>The Group has multi-site facilities with products stocked in more than one location as a result of which the Group usually has the ability to distribute products from nearby facilities. Business continuity plans are in place to minimise the impact of any such issues.</p>
<p><i>Suppliers' non-compliance with good CR practices</i></p> <p>The Group is not a manufacturer and has many international suppliers across the world. The failure of one of the Group's key suppliers to adhere to recognised CR standards could affect the Group's reputation.</p>	<p>The Group's key suppliers are principally publicly owned multinational organisations with high standards of operations. Suppliers are monitored by the Group's purchasing departments and the QA/QC department based in China audits many suppliers throughout Asia. Key suppliers are made aware of the Group's CR aspirations.</p>

These risks are seen to be outweighed by a variety of opportunities that arise as a consequence of CR and its impact on the business environment. The principal opportunities include:

Opportunity	Response
<p><i>Environment</i></p> <p>Throughout the world there is an increased awareness of the need to conserve resources and reduce carbon emissions.</p>	<p>Bunzl is not a manufacturer and therefore there is complete flexibility to offer products that meet customers' requirements. A full range of environmentally friendly products are available.</p> <p>The Group provides customers with the ability to benefit from a consolidated delivery of their consumable products. This reduces carbon emissions by eliminating the need for multiple deliveries from many different suppliers and streamlining the related administration for our customers.</p>
<p><i>Climate change</i></p> <p>Climate change may result in higher frequency of extreme weather conditions such as floods, cyclones and heavy snowfall.</p>	<p>There is likely to be an increase in demand for protective clothing to cope with climate change as well as the need for other products supplied by the Group, such as cleaning and hygiene products.</p>
<p><i>Employees</i></p> <p>Competition for good quality people continues to be strong.</p>	<p>A key element of Bunzl's strategy is the acquisition of high quality businesses. This results in a number of motivated, high performing people joining the Group each year. It also brings new ideas and fresh approaches to the business which can be utilised elsewhere in the Group.</p>
<p><i>Health & safety</i></p> <p>Throughout the world there has been an increase in health & safety legislation and an emphasis on safe working environments.</p>	<p>This leads to an increased demand from both existing and new customers for the Group's personal protection equipment as well as providing the potential to introduce new innovative products in this area.</p>

BOARD OF DIRECTORS



1 PHILIP ROGERSON

(Age 67)

Appointed to the Board in January 2010 and became Chairman in March 2010. Chairman of the Nomination Committee. He was an executive director of BG plc (formerly British Gas plc) from 1992 to 1998, latterly as Deputy Chairman. He is Chairman of Aggreko plc and Carillion plc and with effect from March 2012 has been appointed as a non-executive director of De La Rue plc.

2 MICHAEL RONEY

(Age 57)

Chief Executive since 2005 having been a non-executive director since 2003. After holding a number of senior general management positions within Goodyear throughout Latin America and then Asia, he became President of their Eastern European, African and Middle Eastern businesses and subsequently Chief Executive Officer of Goodyear Dunlop Tires Europe BV. He is the senior independent non-executive director of Johnson Matthey Plc.

3 ULRICH WOLTERS

*†#• (Age 69)

Non-executive director since 2004. Formerly Managing Director of Aldi Süd in Germany, he built the business into one of the world's leading retailers operating principally in Germany and Austria, the US, the UK and Australia. He is Chairman of Lenze SE and a non-executive director of Douglas Holding AG and Deichmann SE.

4 PATRICK LARMON

(Age 59)

Executive director since 2004 and President and Chief Executive Officer, North America. Having joined Bunzl in 1990 when Packaging Products Corporation, of which he was an owner, was acquired, he held various senior management positions over 13 years before becoming President of North America in 2003. He was appointed Chief Executive Officer in 2004.

5 DAVID SLEATH

*†#• (Age 50)

Non-executive director since 2007 and Chairman of the Audit Committee. Formerly a Partner and Head of Audit and Assurance for the Midlands region of Arthur Andersen, he subsequently became Finance Director of Wagon plc before joining SEGRO plc, the European industrial property group, where he was Group Finance Director from 2006 until 2011 and is now Chief Executive.

6 BRIAN MAY

(Age 47)

Finance Director since 2006. A chartered accountant, he qualified with KPMG and joined Bunzl in 1993 as Internal Audit Manager. Subsequently he became Group Treasurer before taking up the role of Finance Director, Europe & Australasia in 1996 and Finance Director designate in 2005.

7 PETER JOHNSON

*†#• (Age 64)

Non-executive director since 2006, senior independent director and Chairman of the Remuneration Committee. Having spent most of his earlier career in the motor industry, he joined Inchcape plc in 1995, became Chief Executive in 1999 and was Chairman from 2006 until 2009. He is the senior independent non-executive director of Wates Group Limited and was Chairman of The Rank Group Plc from 2007 until 2011.

8 EUGENIA ULASEWICZ

*†#• (Age 58)

Non-executive director since April 2011. After holding a number of senior retail positions with Bloomingdale's, Galeries Lafayette and Saks Fifth Avenue, she joined Burberry Group plc in 1998 as President of Burberry, Americas, one of four global regions of Burberry Group plc which includes North and Latin Americas.

* Member of the Audit Committee

† Member of the Remuneration Committee

Member of the Nomination Committee

• Independent director

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report which includes this Directors' report and the audited financial statements of the Company and its subsidiary undertakings for the year ended 31 December 2011. The Directors' report incorporates by reference, to the extent indicated below, certain information included elsewhere in the Annual Report and should be read in conjunction with that information. The Corporate governance report on pages 36 to 39 also forms part of the statutory directors' report.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Group is providing value added distribution and outsourcing services in the Americas, Europe and Australasia. Details of the Group's activities, developments and performance for the year, the main trends and factors likely to affect its future development and performance and information which fulfils the requirements of the Companies Act 2006 relating to the production of a business review are set out in the Chairman's statement, the Chief Executive's review, the Financial review and the Corporate responsibility report on pages 8 to 29 and in the section below entitled 'Principal risks and uncertainties'. The Company uses a number of key performance indicators to measure progress towards its objectives. These are set out in the form of bar charts on page 7.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the Group's business, financial condition or results of operations. The Group has specific policies and procedures which are designed to identify, evaluate, manage and mitigate business risk. The principal risks and uncertainties faced by the Group and the steps taken by the Group to mitigate such risks and uncertainties include the following:

Risk	Mitigating factors
<p><i>Economic environment</i></p> <p>The Group's business is partially dependent on general economic conditions in the US, the UK, France and other important markets. A significant deterioration in these conditions could have an adverse effect on the Group's business and results of operations.</p>	<p>The Group's operations and its customer base are diverse, with a variable and flexible cost base, and many of the sectors in which it competes are traditionally, by their nature, relatively resilient to economic downturns.</p>
<p><i>Competitive pressures</i></p> <p>The Group operates in highly competitive markets and faces competition from international companies as well as national, regional and local companies in the countries in which it operates. Increased competition and unanticipated actions by competitors or customers could lead to an adverse effect on results and hinder the Group's growth potential, either through pressure on margins or loss of customers.</p>	<p>The Group seeks to remain competitive by maintaining high service levels and close contacts with its customers to ensure that their needs and demands are being met satisfactorily, developing a national presence in the markets in which the Group operates and maintaining strong relationships with a variety of different suppliers thereby enabling the Group to offer a broad range of products to its customers.</p>
<p><i>Product price changes</i></p> <p>The purchase price and availability of products distributed by the Group can fluctuate from time to time, thereby potentially affecting the results of operations. Adverse economic conditions resulting in a period of commodity price deflation and increased levels of imported products may lead to reductions in the price and value of the Group's products. If this were to occur, the Group's revenue and, as a result, its profits, could be reduced and the value of inventory held in stock may not be fully recoverable.</p>	<p>The Group endeavours, whenever possible, to pass on price increases from its suppliers to its customers and to source its products from a number of different suppliers so that it is not dependent on any one source of supply for any particular product. Increased focus on the Group's own import programmes and brands, together with the reinforcement of the Group's service and product offering to customers, helps to minimise the impact of price deflation.</p> <p>The Group mitigates against the risk of holding overvalued inventory in a deflationary environment by managing stock levels efficiently and ensuring they are kept to a minimum.</p>
<p><i>Foreign exchange</i></p> <p>The majority of the Group's sales are made and income is earned in US dollars, euros and other foreign currencies. As a result, movements in exchange rates may have a material translation impact on the Group's reported results.</p> <p>The Group may also be subject to transaction exposures where products are purchased in one currency and sold in another and movements in exchange rates may also adversely affect the value of the Group's net assets.</p> <p>The Group's businesses, reported results and net assets could similarly be affected by the exit from the eurozone of countries where the Group has operations.</p>	<p>The Group believes that the benefits of its geographical spread outweigh the associated risks.</p> <p>The majority of the Group's transactions are carried out in the functional currency of the Group's operations. As a result, transaction exposures are usually limited and exchange rate fluctuations have minimal effect on the quality of earnings unless there is a sudden and significant adverse movement of a foreign currency in which products are purchased which may lead to a delay in passing on to customers the resulting price increases.</p> <p>Although the consequences of a country leaving the eurozone, and the resulting impact this will have on other countries both within and outside the eurozone, are difficult to predict, the Group's operations in those countries most likely to do so at the current time are relatively small.</p>

DIRECTORS' REPORT CONTINUED

Risk	Mitigating factors
<p>Acquisitions</p> <p>A significant portion of the Group's historical growth has been achieved through the acquisition of businesses and the Group's growth strategy includes additional acquisitions. Although the Group operates in a number of fragmented markets which provide future acquisition opportunities, there can be no assurance that the Group will be able to make acquisitions in the future or that any acquisitions made will be successful.</p> <p>In the longer term, if an acquisition consistently underperforms compared to its original investment case, there is a risk that this will lead to a permanent impairment in the carrying value of the intangible assets attributed to that acquisition.</p>	<p>The Group's acquisition strategy is to focus on those businesses which operate in sectors where it has or can develop competitive advantage and which have good growth opportunities. The Group continually reviews acquisition targets and has established processes and procedures with regard to detailed pre-acquisition due diligence and post-acquisition integration.</p> <p>The Group endeavours to maximise the performance of an acquisition through the recruitment and retention of high quality management combined with effective strategic planning, investment in resources and infrastructure and regular reviews of performance by both business area and Group management.</p>
<p>Financial liquidity and debt covenants</p> <p>The Group needs continuous access to funding in order to meet its trading obligations, to support investment in organic growth and to make acquisitions when appropriate opportunities arise. There is a risk that the Group may be unable to obtain the necessary funds when required or that such funds will only be available on unfavourable terms.</p> <p>The Group's borrowing facilities include a requirement to comply with certain specified covenants in relation to the level of net debt and interest cover. A breach of these covenants could result in a significant proportion of the Group's borrowings becoming repayable immediately.</p>	<p>The Group arranges a mixture of borrowings from different sources and continually monitors net debt and forecast cash flows to ensure that it will be able to meet its financial obligations as they fall due and that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term.</p> <p>Compliance with the Group's biannual debt covenants is monitored on a monthly basis based on the management accounts. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants.</p>
<p>Business continuity</p> <p>The Group would be affected if there was a significant failure of its major distribution facilities or information systems.</p>	<p>The Group seeks to reduce the impact of facilities' failure through the use of multi-site facilities with products stocked in more than one location and the impact of information systems' failure through the adoption of detailed back up plans which are periodically tested and which would be implemented in the event of any such failure.</p>
<p>Laws and regulations</p> <p>The international nature of the Group's operations exposes it to potential claims as the Group is subject to a broad range of laws and regulations in each of the jurisdictions in which it operates.</p> <p>In addition the Group faces potential claims from customers in relation to the supply of defective products or breaches of their contractual arrangements. The sourcing of products from lower cost countries increases the risk of the Group being unable to recover any potential losses relating thereto from the relevant supplier.</p>	<p>Although the Group does not operate in particularly litigious market sectors, it has in place processes to report, manage and mitigate against third party litigation using external advisers where necessary.</p> <p>The use of reputable suppliers and internal quality assurance and quality control procedures reduce the risks associated with defective products.</p>

The Financial review on pages 22 to 24 and Note 13 to the consolidated financial statements include information relating to the Group's risk management policies so far as they relate to financial instruments. The 'Internal control and risk management' section of the Corporate governance report on page 39 includes further information on the specific procedures designed to identify, manage and mitigate business risk.

GOING CONCERN

As indicated in the section above entitled 'Principal activity and business review', details of the Group's activities, developments and performance are set out on pages 8 to 29. In addition, information relating to the financial performance, financial position and cash flows of the Group is set out in the Financial review on pages 22 to 24. Note 13 to the consolidated financial statements includes the details of the Group's debt profile, capital management policy, treasury policies and controls, hedging activities and financial instruments and its policies and exposures to liquidity, interest rate, foreign currency and credit risks.

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 a mixture of borrowings from different sources comprising multi-currency credit facilities and US dollar and sterling bonds. As at 31 December 2011 the Group had net debt of £652.9 million and undrawn committed facilities of £621.5 million. During the next 12 months £230.0 million of the committed facilities mature and thereafter the facilities will mature at various times over the period up to 2023. The Group is highly cash generative and its cash flows have historically been

strong, converting 110% of the operating profit before intangible amortisation and acquisition related costs into operating cash in 2011. Compliance with the Group's biannual debt covenants is monitored on a monthly basis and sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt. During 2011 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.

The Group has sufficient financial resources, a well established, fragmented customer base, strong supplier relationships and a diverse geographic presence. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors, having made appropriate enquiries, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

DIVIDENDS

An interim dividend of 8.05p was paid on 3 January 2012 in respect of 2011 and the directors recommend a final dividend of 18.3p, making a total for the year of 26.35p per share (2010: 23.35p). Dividend details are given in Note 17 to the consolidated financial statements. Subject to approval by the shareholders at the Annual General Meeting on 18 April 2012, the final dividend will be paid on 2 July 2012 to those shareholders on the register at the close of business on 11 May 2012.

SHARE CAPITAL

The Company has a single class of share capital which is divided into ordinary shares of 32½p each which rank *pari passu* in respect of participation and voting rights. The shares are in registered form, are fully paid up and are quoted on the London Stock Exchange. In addition, the Company operates a Level 1 American Depositary Receipt programme with the Bank of New York Mellon under which the Company's shares are traded on the over the counter market in the form of American Depositary Receipts.

Details of changes to the issued share capital during the year are set out in Note 16 to the consolidated financial statements.

RIGHTS AND OBLIGATIONS ATTACHING TO SHARES

Subject to the provisions of the Companies Act 2006 and without prejudice to any rights attached to any existing shares, the Company may resolve by ordinary resolution to issue shares with such rights and restrictions as set out in such resolution or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Subject to the provisions of the Companies Act 2006 and of any resolution of the Company passed pursuant thereto and without prejudice to any rights attached to existing shares, the Board is duly authorised to issue and allot, grant options over or otherwise dispose of the Company's shares on such terms and conditions and at such times as it thinks fit. If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated by special resolution passed at a separate general meeting of such holders. Subject to the rights attached to any existing shares, rights attached to shares will be deemed to be varied by the reduction of capital paid up on the shares and by the allotment of further shares ranking in priority in respect of dividend or capital or which confer on the holders more favourable voting rights than the first-mentioned shares, but will not otherwise be deemed to be varied by the creation or issue of further shares.

POWER TO ISSUE AND ALLOT SHARES

The directors are generally and unconditionally authorised under the authorities granted at the 2011 Annual General Meeting to allot shares or grant rights to subscribe for or to convert any security into shares of the Company up to i) a maximum nominal amount of £35.4 million; and ii) to allot ordinary shares or grant rights to subscribe for or convert any securities into shares in connection with a rights issue to existing shareholders in proportion (or as nearly as may be practicable) up to an aggregate nominal amount equal to £70.8 million or as reduced by the nominal value of any ordinary shares allotted under i) above. At the same meeting authority was also granted to the directors to allot the Company's shares for cash, up to a maximum nominal amount of approximately £5.7 million, without regard to the pre-emption provisions of the Companies Act 2006. No such shares were issued or allotted under these authorities in 2011, nor is there any current intention to do so, other than to satisfy the consideration payable for businesses to be acquired. If the directors do exercise the authority under ii) above the directors intend to follow ABI recommendations concerning its use.

These authorities are valid until the conclusion of the forthcoming Annual General Meeting. The directors again propose to seek equivalent authorities at such Annual General Meeting.

RESTRICTIONS ON TRANSFER OF SHARES

Dealings in the Company's ordinary shares by its directors, persons discharging managerial responsibilities, certain employees of the Company and, in each case, their connected persons, are subject to the Company's dealing code which adopts the Model Code of the Listing Rules published by the Financial Services Authority.

Certain restrictions, which are customary for a listed company, apply to transfers of shares in the Company. The Board may refuse to register an instrument of transfer of any share which is not a fully paid share and of a certificated share at its discretion unless it is:

- lodged, duly stamped or duly certified, at the offices of the Company's registrar or such other place as the Board may specify and is accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- in respect of only one class of shares; and
- in favour of not more than four transferees.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

In addition, no instrument of transfer for certificated shares shall be registered if the transferor has been served with a restriction notice (as defined in the Company's Articles of Association (the 'Articles')) after failure to provide the Company with information concerning certain interests in the Company's shares required to be provided under the Companies Act 2006, unless the transfer is shown to the Board to be pursuant to an arm's length sale. The Board has the power to procure that uncertificated shares are converted into certificated shares and kept in certificated form for as long as the Board requires.

The Company is not aware of any agreements between shareholders that may result in any restriction of the transfer of shares or voting rights.

RESTRICTIONS ON VOTING RIGHTS

A member shall not be entitled to vote, unless the Board otherwise decides, at any general meeting or class meeting in respect of any shares held by them if any call or other sums payable remain unpaid. Currently, all issued shares are fully paid. In addition, no member shall be entitled to vote if he has been served with a restriction notice after failure to provide the Company with information concerning certain interests in the Company's shares required to be provided under the Companies Act 2006. Votes may be exercised in person or by proxy. The Articles currently provide a deadline for submission of proxy forms of 48 hours before the relevant meeting, 24 hours before a poll is taken if such poll is taken more than 48 hours after it was demanded or during the meeting at which the poll was demanded if the poll is not taken straight away but is taken not more than 48 hours after it was demanded.

BUNZL GROUP GENERAL EMPLOYEE BENEFIT TRUST

Bunzl Employee Trustees Limited is trustee of the Bunzl Group General Employee Benefit Trust ('the EBT') which holds shares in respect of employee share options and awards that have not been exercised or vested. The current position is that the EBT abstains from voting in respect of these shares. The trustee has agreed to waive the right to dividend payments on shares held within the EBT. Details of the shares so held are set out in Note 16 to the consolidated financial statements.

DIRECTORS' REPORT CONTINUED

PURCHASE OF OWN SHARES

At the 2011 Annual General Meeting, shareholders gave the Company authority to purchase a maximum of 33,015,000 ordinary shares. During the year ended 31 December 2011 the Company did not purchase any of its own shares pursuant to this authority or the authority granted at the 2010 Annual General Meeting and no shares have been purchased between 31 December 2011 and 27 February 2012. The total number of ordinary shares currently held in treasury is 23,325,000. The Company is therefore currently authorised to buy back 33,015,000 of its own shares pursuant to the existing shareholders' authority which is due to expire at the conclusion of the forthcoming Annual General Meeting. The directors again propose to seek the equivalent authority at such Annual General Meeting.

DIRECTORS

Directors may be elected by ordinary resolution at a duly convened general meeting or appointed by the Board. Under the Articles, the minimum number of directors shall be two and the maximum shall be 15. In accordance with the Articles, each director is required to retire at the Annual General Meeting held in the third calendar year in which he or she was elected or last elected and any director who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the Annual General Meeting is subject to annual re-election. The Board may also appoint a person willing to act as a director during the year either to fill a vacancy or as an additional director but so that the total number of directors shall not at any time exceed 15. However such appointee shall only hold office until the next Annual General Meeting of the Company. Notwithstanding the retirement by rotation provisions in the Articles, each of the directors will be standing for re-election at the forthcoming Annual General Meeting in accordance with the provisions of the UK Corporate Governance Code.

In addition to any power to remove a director from office conferred by company law, the Company may also by special resolution remove a director from office before the expiration of his or her period of office under the Articles.

The office of a director shall also be vacated pursuant to the Articles if the director:

- resigns by giving notice to the Company or is asked to resign by all of the other directors who are not less than three in number; or
- is or has been suffering from mental or physical ill health and the Board resolves that his or her office be vacated; or
- is absent without permission from Board meetings for six consecutive months and the Board resolves that his or her office be vacated; or
- becomes bankrupt or compounds with his or her creditors generally; or
- is prohibited by law from being a director; or
- ceases to be a director by virtue of any provisions of company law or is removed from office pursuant to the Articles.

Eugenia Ulasewicz was appointed to the Board on 1 April 2011 and Charles Banks retired from the Board on 20 April 2011. All of the other current directors served throughout the year. Biographical details of the current directors are set out on page 30.

Directors' interests in ordinary shares are shown in Note 19 to the consolidated financial statements. None of the directors was materially interested in any contract of significance with the Company or any of its subsidiary undertakings during or at the end of 2011. Information relating to the directors' service agreements and their remuneration for the year and details of the directors' share options under the Company's share option schemes and awards under the Long Term Incentive Plan and Deferred Annual Share Bonus Scheme are set out in the Directors' remuneration report on pages 40 to 52.

POWERS OF THE DIRECTORS

Subject to the Articles, the Companies Act 2006 and any directions given by the Company by special resolution, the business of the Company is managed by the Board who may exercise all powers of the Company. The Board may, by power of attorney or otherwise, appoint any person or persons to be the agent or agents of the Company for such purposes and on such conditions as the Board determines.

DIRECTORS' INDEMNITIES

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors and the Company Secretary, in addition to other senior executives who are directors of subsidiaries of the Company, to the extent permitted by law and the Articles 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 or any of its subsidiaries.

AMENDMENT OF ARTICLES

Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of special resolution of the Company's shareholders. Following the implementation of the final parts of the Companies Act 2006 and the coming into force of the Companies Shareholders' Rights Regulations in 2009, new Articles of Association were adopted by shareholders at the 2010 Annual General Meeting.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

The directors recognise that the Company is part of a wider community and that it has a responsibility to act in a way that respects the environment and social and community issues. Further information relating to the Company's approach to these matters is set out in the Corporate responsibility report on pages 25 to 29.

EMPLOYMENT POLICIES

The employment policies of the Group have been developed to meet the needs of its different business areas and the locations in which they operate worldwide, embodying the principles of equal opportunity. The Group has standards of business conduct with which it expects all its employees to comply. Bunzl encourages involvement of its employees in the performance of the business in which they are employed and aims to achieve a sense of shared commitment. In addition to a regular magazine and the Company's intranet, which provide a variety of information on activities and developments within the Group and incorporate half year and annual financial reports, announcements are periodically circulated to give details of corporate and staff matters together with a number of subsidiary or business area publications dealing with activities in specific parts of the Group.

It is the Group's policy that disabled applicants should be considered for employment and career development on the basis of their aptitudes and abilities. Employees who become disabled during their working life will be retained in employment wherever possible and given help with rehabilitation and training.

SUBSTANTIAL SHAREHOLDINGS

As at 31 December 2011 the directors had been notified by the following shareholders that they were each interested in 3% or more of the issued share capital of the Company.

Shareholder	Date of notification	Number of shares	% of issued share capital
INVESCO plc	20.05.10	32,571,686	9.9
Blackrock, Inc.	23.03.11	16,491,628	5.0
Lloyds Banking Group plc	27.05.10	16,425,039	5.0
Aviva plc	13.10.11	16,149,582	4.9
Newton Investment Management Ltd	07.03.11	13,864,410	4.2
Cascade Investment, LLC	12.12.11	13,484,960	4.1
Legal & General Group Plc	12.11.09	13,069,891	4.0

The directors were notified on 23 February 2012 that Aviva plc no longer held a notifiable interest in the issued share capital of the Company. As at 27 February 2012 no further notifications have been received since the year end.

SIGNIFICANT AGREEMENTS

The Company's wholly owned subsidiary, Bunzl Finance plc, has a number of bilateral loan facilities with a range of different counterparties, all of which are guaranteed by the Company, are in substantially the same form and are prepayable at the option of the lender in the event of a change of control of the Company. Similar change of control provisions in relation to the Company are included in the syndicated bank loan and the US dollar bonds which have been entered into by Bunzl Finance plc and the Company and are also guaranteed by the Company.

CONTRACTUAL ARRANGEMENTS

The Group has contractual arrangements with numerous third parties in support of its business activities, none of which are considered individually to be essential to its business and, accordingly, it has not been considered necessary for an understanding of the development, performance or position of the Group's business to disclose information about any of those third parties.

CREDITOR PAYMENT POLICY

Group operating companies do not follow any specific published code or standard on payment practice but are instead responsible for agreeing the payment terms when agreeing all other terms and conditions under which business transactions with their suppliers are conducted. It is Group policy that suppliers are made aware of these terms and that payments to suppliers are made in accordance with them provided that suppliers also comply with all other relevant terms and conditions. The number of days' billings from the Company's suppliers outstanding at the end of the year was 30 (2010: 30).

DONATIONS

During 2011, amongst other worldwide charitable donations, the Group contributed £220,000 to UK charities (2010: £215,000). No contributions were made for political purposes.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at The Park Suite, The Dorchester, Park Lane, London W1K 1QA on Wednesday 18 April 2012 at 11.00 am. The Notice convening the Annual General Meeting is set out in a separate letter from the Chairman to shareholders which explains the items of business which are not of a routine nature.

EXTERNAL AUDITOR

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that he or she ought to have taken as a director in order to make the director aware of any relevant audit information and to establish that the Company's auditor is 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.

Resolutions are to be proposed at the forthcoming Annual General Meeting for the re-appointment of KPMG Audit Plc as auditor of the Company at a rate of remuneration to be determined by the directors.

On behalf of the Board

Paul Hussey

Secretary

27 February 2012

Pages 31 to 35 inclusive consist of a directors' report that has been drawn up and presented in accordance with, and in reliance upon, applicable English company law and any liability of the directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

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.

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. This report describes how the principles of corporate governance set out in the UK Corporate Governance Code issued by the Financial Reporting Council ('the Code') have been applied by the Company during the year ended 31 December 2011. The Company confirms that it has complied throughout 2011 with the provisions of the Code, a copy of which is available at www.frc.org.uk.

THE BOARD

As at 31 December 2011 and as at the date of this report, the Board was made up of eight members comprising a Chairman, a Chief Executive, two other executive directors and four non-executive directors. Brief biographical details of the directors are given on page 30. Eugenia Ulasewicz was appointed to the Board on 1 April 2011 and Charles Banks, who was the Chairman of the Remuneration Committee, retired from the Board following the Company's Annual General Meeting on 20 April 2011. None of the Company's non-executive directors had any previous connection with the Company or its executive directors on appointment to the Board and all of them are considered by both the Board and the criteria set out in the Code to be independent. The Chairman and each of the non-executive directors have a breadth of strategic, management and financial experience gained in each of their own fields in a range of multinational businesses. In accordance with the terms of the Code, each of the directors will be subject to re-election at the forthcoming Annual General Meeting.

There is a clear division of responsibilities between the Chairman and the Chief Executive. The Chairman is primarily responsible for the leadership and effective working of the Board and the Chief Executive has executive responsibility for running the Group's businesses. The Chief Executive is also the designated member of the Board responsible for environmental, social and governance matters and reports to the Board in relation to such matters.

Peter Johnson is the senior independent director and is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or Finance Director has failed to resolve or for which such contact is inappropriate.

Information relating to the conduct of Board meetings and the procedures implemented to ensure that the Board retains overall control and accountability for all strategic, financial, operational and compliance issues are set out in the internal control section below and in the Financial review on pages 22 to 24.

All new directors receive a tailored induction on joining the Board, including meetings with senior management and visits to some of the Group's locations and the Board calendar is planned to ensure that the directors are fully briefed on a wide range of topics throughout the year. Normally at least two Board meetings a year are held at or near Group locations in the UK and overseas where the directors have the opportunity to meet and interact with senior executives from different businesses within the Group's portfolio as well as observe the operations in situ.

Directors have access to independent professional advice at the Company's expense where they judge this to be necessary to discharge their responsibilities as directors and all directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with.

The Board has Audit, Remuneration and Nomination Committees which comply with the provisions of the Code. The membership, roles and activities of these Committees are set out below.

The Company has a formal performance evaluation process for the Board, its Committees and individual directors overseen by the Chairman. This includes completion of self-assessment forms by, and individual discussions with, each director when their individual training and development needs are reviewed. Led by the senior independent director, the non-executive directors also meet without the Chairman present at least annually to appraise the Chairman's performance including a review of his other commitments to ensure that he is able to allocate sufficient time to the Company to discharge his responsibilities effectively. The Chairman periodically holds meetings with the non-executive directors without the executive directors present. All of these processes were carried out satisfactorily during the year as a result of which the Board concluded that both it and its Committees are operating effectively. Following the evaluation process this year, it was agreed that the Board should increase its visibility of the Group's senior executives, by asking them to make more presentations about the businesses for which they are responsible, and that the Nomination Committee should have greater insight into the Group's executive development programmes as part of the Committee's annual review of the management succession plan. The Board has considered the new requirements of the Code in respect of an external evaluation of the Board at least every three years. The Board has agreed that such an evaluation will be carried out within the next year.

The Board also oversees the process for reviewing any potential conflicts of interest which may arise in relation to each member of the Board and this process was carried out satisfactorily during the year.

AUDIT COMMITTEE

The Audit Committee comprises all of the independent non-executive directors and is chaired by David Sleath who is considered by the Board to have recent and relevant financial experience. While the other directors are not members of the Committee, they normally attend meetings of the Committee by invitation together with the Head of Internal Audit and representatives from the external auditor.

The Committee's principal role is to:

- monitor the integrity of the financial statements of the Group and review significant reporting judgements;
- review the effectiveness of the Company's internal financial controls;
- review the process for the management of risk and the assurance procedures over controls designed to manage key risks;
- monitor and review the effectiveness of the Company's internal audit function;
- make recommendations to the Board in relation to the appointment of the external auditor;
- monitor and review the external auditor's independence; and
- develop and implement a policy on the engagement of the external auditor to supply non-audit services.

The Committee Chairman holds preparatory meetings with the Company's senior management and, when appropriate, the Head of Internal Audit and the external auditor prior to Committee meetings to discuss the items to be considered at the Committee meetings. In addition, separate discussions are held between the Committee and the Head of Internal Audit and the external auditor without management present. The Committee Chairman also attends the Annual General Meeting to respond to any shareholder questions that might be raised on the Committee's activities. During the year the Committee met on three occasions and its activities included:

- receiving and considering reports from the external auditor in relation to the half year and annual financial statements;
- reviewing the half year and annual financial reports and the formal announcements relating thereto;
- receiving and considering reports from the Head of Internal Audit in relation to the work undertaken by the internal audit function and reviewing and approving the internal audit work programme for the year;
- reviewing the effectiveness of the Company's internal financial controls and the assurance procedures relating to the Company's risk management systems;
- reviewing the arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- reviewing the Committee's terms of reference and the Committee's effectiveness;
- reviewing the effectiveness of both the external auditor and the internal audit function following completion of detailed questionnaires by both the Board and senior management within the Company;
- making recommendations to the Board concerning the appointment of the external auditor and approving the remuneration and terms of engagement of the auditor; and
- reviewing and approving the level and type of non-audit work which the external auditor performs, including the fees paid for such work.

The Committee ensures that the external auditor remains independent of the Company and receives written confirmation from the external auditor as to whether it considers itself independent within the meaning of its own internal and the relevant regulatory and professional requirements. Key members of the audit team rotate off the Company's audit after a specific period of time.

In order to ensure that the objectivity and independence of the external auditor is not compromised, the Committee has also pre-approved the non-audit service categories that can be provided by the external auditor and agreed monetary amounts for each service category that can be provided by them, subject to a maximum individual engagement value. Certain categories of services are prohibited under the ethical standards of the Accounting Practices Board. A permitted service requires specific authorisation from the Committee or the Committee Chairman where it does not fall within the pre-approved categories or where its value exceeds the maximum pre-approved individual engagement value. Such non-audit service categories which are pre-approved principally comprise tax services and further assurance services relating to pre-acquisition due diligence and other duties carried out in respect of acquisitions and disposals of businesses. The Committee believes that given the external auditor's detailed knowledge of the Group's operations, its structure and accounting policies and the importance of carrying out tax services and detailed due diligence as part of the acquisition process, it is often appropriate for this additional work to be carried out by the Company's auditors. However other firms are also used by the Company to provide non-audit services and it is the Company's policy to assess the services required on a case by case

basis to ensure that the best placed adviser is retained. Details of the fees paid to the external auditor in 2011 in respect of the audit and for non-audit services are set out in Note 4 to the financial statements.

As part of the decision to recommend to the Board the re-appointment of the external auditor, the Committee takes into account the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process. There are no contractual obligations restricting the Committee's choice of external auditor.

As a consequence of its satisfaction with the results of its review of the external auditor's activities during the year, the Committee has recommended to the Board that a resolution proposing the re-appointment of KPMG Audit Plc as external auditor be put to shareholders at the forthcoming Annual General Meeting.

The Committee's terms of reference are available on the Company's website, www.bunzl.com.

REMUNERATION COMMITTEE

The Remuneration Committee comprises all of the independent non-executive directors and is now chaired by Peter Johnson following the retirement of Charles Banks from the Board in April 2011. While neither the Chairman of the Company nor the Chief Executive are members of the Committee, they normally attend meetings by invitation except when the Committee is considering matters concerning themselves. Further details of the Remuneration Committee, the Company's remuneration policy and how it is applied are set out in the Directors' remuneration report on pages 40 to 52. The terms of reference of the Committee are available on the Company's website.

NOMINATION COMMITTEE

The Nomination Committee comprises the Chairman of the Company, who chairs the Committee, the Chief Executive and all of the non-executive directors. The majority of the members are independent non-executive directors. The Committee's role includes:

- reviewing the structure, size and composition of the Board including the evaluation of the balance of skills, knowledge and experience on the Board, and making recommendations to the Board with regard to any changes;
- nominating, for the approval of the Board, appropriate individuals to fill Board vacancies as and when they arise having considered candidates with relevant experience from a wide range of backgrounds; and
- considering succession planning, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future, and reviewing annually a management succession planning presentation in relation to the Company's senior executives.

The Committee meets as necessary throughout the year to discharge its responsibilities. An external search consultancy is retained by the Company to assess potential candidates to be considered as prospective non-executive directors and, when appropriate, executive directors.

CORPORATE GOVERNANCE CONTINUED

The Committee notes the publication of the Davies Review on Women on Boards in February 2011 and the subsequent consultation undertaken by the Financial Reporting Council in relation to the proposed changes to the Code. Both the Board and the Committee recognise the importance of gender diversity throughout the Group, as demonstrated by the composition of its Executive Committee of which 40% of members are women. Currently one of the eight Board members is female. The Committee aims to have a Board with a broad range of skills, backgrounds and experience and while the Committee will continue to follow a policy of ensuring that the best people are appointed for the relevant roles, the Committee recognises the benefits of greater diversity and will continue to take account of this when considering any particular appointment.

During the year the Committee was involved in the selection and appointment of a new non-executive director. This involved agreeing the skills, knowledge and experience required for the role, appointing independent search consultants and interviewing candidates. All members of the Committee had the opportunity to meet the preferred candidate before a final recommendation was made to the Board. The Company subsequently announced the appointment of Eugenia Ulasewicz as a non-executive director in April. Her experience has been and will continue to be of great value as the Company continues to expand.

As a result of the retirement of Charles Banks, the Committee also considered the appointment of a new Chairman of the Remuneration Committee. Having done so, the Committee recommended to the Board that Peter Johnson, the Company's senior independent director, should assume this role with effect from April 2011 and the Board subsequently agreed to such appointment.

The Committee reviewed and took account of the balance of skills, knowledge and experience of the Board, the time commitment expected of the non-executive directors and the conclusions of the formal evaluation process which was carried out during the year when considering and recommending the nomination of directors for re-election at the 2012 Annual General Meeting. In particular the Committee reviewed the performance of Ulrich Wolters, who was appointed to the Board in July 2004, and Peter Johnson, who was appointed to the Board in January 2006. The Committee believes that they both continue to be effective and to demonstrate strong independence in character and judgement in the manner in which they discharge their responsibilities as directors. Consequently the Committee is satisfied that, despite their respective lengths of tenure, they remain independent.

Finally, the Chief Executive presented his annual management succession plan to the Committee. The Company recognises that having the right directors and senior management is crucial for the Group's success and it is a key task of the Committee to ensure that the Company has a robust and continuous succession planning process. As part of the process this year the Director of Group HR also made a presentation to the Committee about the Company's senior executive development programmes.

The terms of reference of the Committee are set out on the Company's website.

MEETINGS ATTENDANCE

The following table shows the attendance in 2011 of directors at Board meetings and at meetings of the Board Committees of which they are members:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings	8	3	3	4
Philip Rogerson	8			4
Michael Roney	8			4
Charles Banks*	3	1	1	2
Ulrich Wolters	7	3	2	3
Patrick Larmon	8			
Peter Johnson	8	3	3	4
Brian May	8			
David Sleath	8	3	3	4
Eugenia Ulasewicz†	6	2	2	1

*Charles Banks retired as a director on 20 April 2011 having attended all of the Board meetings held between 1 January 2011 and that date.

†Eugenia Ulasewicz was appointed as a director on 1 April 2011 and attended all of the Board meetings held between that date and the end of the year. She also attended all of the Board Committee meetings which were held between the date she was appointed a member of such Committees and the end of the year.

RELATIONS WITH SHAREHOLDERS

The Company reports formally to shareholders twice a year with the half year results announced normally at the end of August and the annual results announced normally at the end of February. In addition the Company publishes two interim management statements a year as required by the Disclosure and Transparency Rules.

The Chief Executive and Finance Director have regular meetings with representatives of institutional shareholders and report to the Board the views of major shareholders. Additional forms of communication include presentations of the half year and annual results. The Chairman and the senior independent director and the other non-executive directors are available to meet with major shareholders on request. The Company welcomes the Stewardship Code introduced in 2010 with the aim of enhancing the quality of engagement between institutional investors and companies to help improve long term returns to shareholders and the efficient exercise of governance responsibilities. The Board also periodically reviews and discusses analysts' and brokers' reports and surveys of shareholder opinions conducted by the Company's own brokers.

Notice of the Annual General Meeting is sent to shareholders at least 20 working days before the meeting. All shareholders are encouraged to participate in the Annual General Meeting, are invited to ask questions at the meeting and are given the opportunity to meet all of the directors informally. Shareholders unable to attend are encouraged to vote using the proxy card mailed to them or electronically as detailed in the Notice of Meeting. Shareholders are given the option to withhold their vote on the proxy form. As in previous years, at the forthcoming Annual General Meeting each of the resolutions put to the meeting will be taken on a poll rather than on a show of hands as directors believe that a poll is more representative of shareholders' voting intentions because shareholder votes are counted according to the number of shares held and all votes tendered are taken into account. The results of the poll will be publicly announced and made available on the Company's website as soon as practicable following the Annual General Meeting.

INTERNAL CONTROL AND RISK MANAGEMENT

The directors acknowledge that they have overall responsibility for identifying and managing the risks faced by the Group and for the Group's system of internal control relating to those risks. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. In accordance with Principle C.2 of the Code and the related Turnbull guidance the Company has established the procedures necessary to ensure that there is an ongoing process for identifying, evaluating, managing and mitigating significant risks to the Group and for determining the nature and extent of the significant risks it is willing to take to achieve its strategic objectives. The directors confirm that such procedures have been in place for the year ended 31 December 2011 and up to the date of approval of these financial statements and have been reviewed during the year.

To ensure that the directors maintain overall control over all significant strategic, financial, operational and compliance issues, the Board meets regularly throughout the year and has formally adopted a schedule of matters which are required to be brought to it for decision. These include the approval of the annual and half year results of the Group, the Group's strategic plans, annual budget, larger capital expenditure and acquisition/divestment proposals, material increases to borrowing and loan facilities, treasury policies and the terms of reference for the Board Committees.

The Board has delegated to management the responsibility for establishing a system of internal control appropriate to the business environments in which the Group operates. The principal features of this system include:

- a procedure for monitoring the effectiveness of the internal control system through a tiered management structure with clearly defined lines of responsibility and delegation of authority;
- clearly defined authorisation procedures for capital investment and acquisitions;
- strategic plans and comprehensive budgets which are prepared annually by the business areas and approved by the Board;
- formal standards of business conduct (including a code of ethics and whistle blowing procedure) based on honesty, integrity and fair dealing;
- a well established consolidation and reporting system for the statutory accounts and monthly management accounts;
- continual investment in IT systems to ensure the production of timely and accurate management information relating to the operation of the Group's businesses; and
- detailed manuals covering Group accounting policies and policies and procedures for the Group's treasury operations.

Some of the procedures carried out in order to monitor the effectiveness of the internal control system and to identify, manage and mitigate business risk are listed below:

- central management holds regular meetings with business area management to discuss strategic, operational and financial issues including a review of the significant risks affecting each of the business areas and the policies and procedures by which these risks are managed;

- an Executive Committee, consisting of the Chief Executive, Finance Director and other functional managers, meets twice per month and also reviews the outcome of the discussions held at business area meetings on internal control and risk management issues;
- the Board in turn reviews the outcome of the Executive Committee discussions on internal control and risk management issues which ensures a documented and auditable trail of accountability;
- both the Executive Committee and the Board carry out an annual fraud risk assessment;
- actual results are reviewed monthly against budget, forecasts and the previous year and explanations obtained for all significant variances;
- the Group's bank balances around the world are monitored on a weekly basis and significant movements are reviewed centrally;
- the internal audit department periodically reviews individual businesses and procedures, makes recommendations to improve controls and follows up to ensure that management implement the recommendations made. The internal audit department's work is determined on a risk assessment basis and their findings are reported to Group and business area management as well as to the Audit Committee;
- the Audit Committee, which comprises all of the independent non-executive directors of the Company, meets regularly throughout the year. Further details of the work of the Committee are set out on pages 36 and 37;
- regular meetings are held with insurance and risk advisers to assess the risks throughout the Group;
- the management committee, which oversees issues principally relating to environment, health and safety, insurance and business continuity planning matters, sets relevant policies and practices and monitors their implementation;
- risk assessments, safety audits and a regular review of progress against objectives established by each business area are periodically carried out; and
- developments in tax, treasury and accounting are continually monitored by Group management in association with external advisers.

The directors confirm that they have reviewed the effectiveness of the system of internal control and risk management in operation during 2011.

The external auditor is engaged to express an opinion on the financial statements. The audit includes the review and test of the system of internal financial control and the data contained in the financial statements to the extent necessary for expressing an audit opinion on the truth and fairness of the financial statements.

On behalf of the Board

Paul Hussey

Secretary

27 February 2012

DIRECTORS' REMUNERATION REPORT

INTRODUCTION FROM PETER JOHNSON, CHAIRMAN OF THE REMUNERATION COMMITTEE

Following the retirement from the Board of Charles Banks, who had chaired the Remuneration Committee (the 'Committee') for the past eight years, I was appointed as Chairman of the Committee in April 2011. The Committee has taken the opportunity to review the contents of the Directors' remuneration report to ensure that our remuneration policies and practices are clear and transparent to our stakeholders. We hope that the new layout of this report will aid understanding and clarity of the way that our directors are remunerated.

The Bunzl Long Term Incentive Plan (the 'LTIP'), which is referred to below, was approved by shareholders at the Company's Annual General Meeting (the 'AGM') in May 2004. The LTIP runs for a 10 year period and the Committee believes that it has worked well in both incentivising our senior management and aligning their interests with those of our shareholders. The Committee will start work during 2012 in developing proposals for the introduction of a new plan upon expiry of the current LTIP and will consult with the Company's principal shareholders in relation thereto.

This report has been prepared in accordance with the requirements of the Companies Act 2006 (the 'Act') and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, the Listing Rules of the UK Listing Authority and the UK Corporate Governance Code. KPMG Audit Plc has audited the relevant content as required by the Act (the tabular information on pages 49 to 52). A resolution to approve this report will be proposed at the AGM on 18 April 2012.

COMMITTEE REMIT AND MEMBERSHIP

The terms of reference of the Committee have been formally adopted by the Board and are available for inspection in the Investor Centre section of the Company's website www.bunzl.com. The key responsibilities of the Committee include:

- ensuring that executive directors and senior executives are properly incentivised to attract, retain and fairly reward them for their individual contribution to the Company and having due regard to the policies and practices applied to the rest of the employees within the Group;
- determining the framework or broad policy for the remuneration of the Chairman and the executive directors of the Board including setting their individual remuneration packages as well as their level of remuneration and overseeing all the Company's long term incentive plans;
- ensuring that remuneration is aligned with and supports the Company's strategy and performance, having due regard to the shareholders and to the financial and commercial health of the Company, while at the same time not encouraging undue risk taking; and
- communicating and discussing any remuneration issues with the Company's stakeholders as and when appropriate.

In undertaking these responsibilities, the Committee seeks external advice as necessary. During the year the Committee received advice from independent remuneration and benefit consultants PricewaterhouseCoopers LLP ('PwC') and New Bridge Street, an Aon Hewitt company ('New Bridge Street'), who may from time to time also provide services to the Company on remuneration and benefit related matters that are not subject to review by the Committee. During 2011 PwC provided external survey data on directors' remuneration and benefit levels and New Bridge Street made a presentation to update the Committee on recent market changes relating to executive remuneration and provided information to determine whether, and if so to what extent, the performance conditions attached to share options and performance share awards under the LTIP had been satisfied. In addition to the work undertaken on behalf of the Committee, PwC also provides the Company with some accounting, tax and pre-acquisition due diligence services.

The following independent non-executive directors were members of the Committee during 2011 and continue to be members, with the exception of Charles Banks who retired in April 2011:

	Date of appointment to the Committee	Meetings eligible to attend	Meetings attendance
Ulrich Wolters	21 July 2004	3	2
Peter Johnson	18 January 2006	3	3
David Sleath	5 December 2007	3	3
Eugenia Ulasewicz	20 April 2011	2	2
Charles Banks (retired from the Board in April 2011)	1 June 2002	1	1

Note

a) Ulrich Wolters was unable to attend the Committee meeting on 7 December 2011 due to other business commitments.

The Secretary to the Committee is Celia Baxter, Director of Group HR. No executive director or Board member plays any part in determining his or her remuneration. During the year ended 31 December 2011, both the Chief Executive and the Chairman were consulted and invited to attend meetings of the Committee, but were not present during any part of the meeting when their own remuneration was under consideration.

In line with its remit, the following key issues were addressed by the Committee during the year:

- approval of the 2010 Directors' remuneration report;
- review of all share plan earnings per share performance measures for the three year period ended 31 December 2010 and the total shareholder return ('TSR') performance measures for the three year periods ended 31 March and 30 September 2011;
- review of the achievement against targets of the awards under the annual bonus plan and the Deferred Annual Share Bonus Scheme (the 'DASBS') and the setting of the targets for 2011;

- review and approval of the performance measures to be applied to the 2011 grants and awards under the LTIP;
- review and approval of all grants and awards made under the LTIP and exercise of Committee discretion regarding the vesting of any outstanding grants and awards where appropriate;
- annual review of all executive directors' base salaries and benefits in line with the Company's policies and practices; and
- consideration of current guidelines on executive remuneration by advisory bodies and institutional investors.

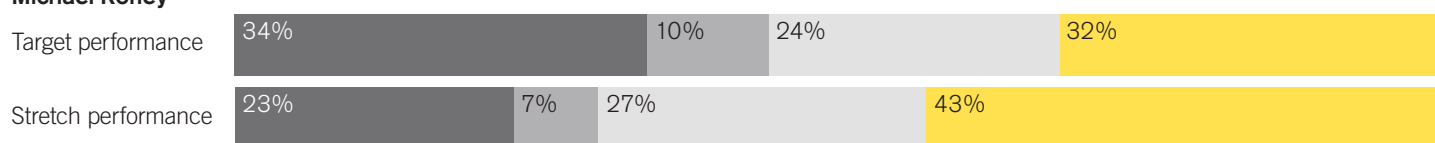
REMUNERATION POLICY ALIGNMENT WITH GROUP STRATEGY

Bunzl continues to pursue its well defined strategy of developing the business through organic growth and targeted acquisitions in both existing and new geographies, while continuously improving the efficiency of our operations. Bunzl's business model relies on excellent customer and supplier relationships and the skills, knowledge and experience of its directors and employees. The Company's remuneration policy supports this strategy by ensuring that the overall remuneration package is set at a competitive level whilst ensuring that additional reward is paid for high performance over a sustained period. This policy is designed to ensure the recruitment, retention and motivation of the executive directors and other senior executives over the long term.

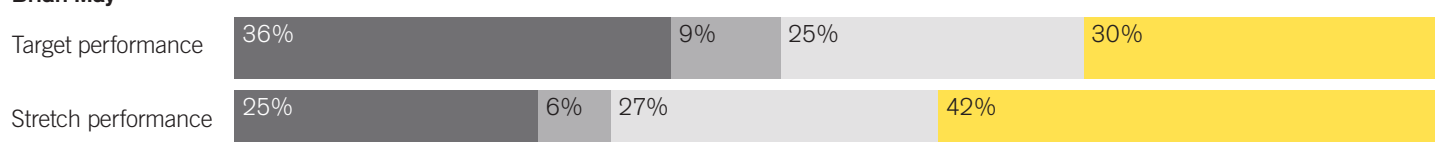
The performance related elements of the remuneration package are designed to incentivise executives to meet key performance metrics which align their interests and remuneration with those of shareholders, for example targets relating to earnings per share and TSR. In setting such targets the Committee takes due account of the potential effect such targets could have on the attitude and behaviour of executives to risk within the business. In addition the Committee has the discretion to take into account performance on environmental, social and governance matters.

The remuneration package comprises both core fixed elements (base salary, pension and other benefits) and performance based variable elements (cash bonus, the DASBS and the LTIP). The Committee has set a guideline that for on target performance approximately half of the remuneration package should be performance related. The structure of the remuneration packages for on target and stretch performance for each of the executive directors is illustrated in the bar charts below:

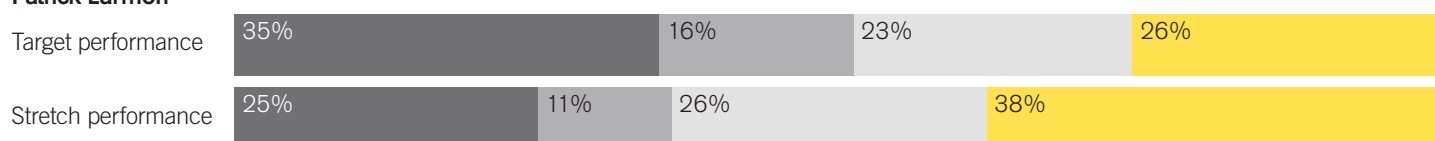
Michael Roney



Brian May



Patrick Larmon



■ Salary and benefits ■ Pension ■ Bonus (cash/DASBS) ■ LTIP

Notes

- Salary represents annual salary for 2011 and benefits such as car or car allowance and private medical insurance as shown on page 49.
- Pension represents the cost of pension accrued in 2011 in the Defined Benefit Section of the Bunzl Pension Plan for Brian May, the value of the annual pension allowance for Michael Roney and Brian May, the contributions to the Defined Contribution Section of the Bunzl Pension Plan for Michael Roney and the total of company contributions to Patrick Larmon's 401K Plan, Retirement Savings Benefit (the 'RSB') and through the Defined Contribution Senior Executive Retirement Agreement ('SERA'), further details of which are shown on page 49.
- Target performance comprises annual bonus awarded at target level (i.e. 70% of base salary comprised of 50% cash and 50% deferred shares under the DASBS) and, for the LTIP, an assumption that 50% of performance shares will vest and the share options will deliver 25% of their face value in gain to the executives.
- Stretch performance comprises annual bonus awarded at maximum level (i.e. 115% of base salary for Michael Roney and Brian May and 110% of base salary for Patrick Larmon comprised of 50% cash and 50% deferred shares under the DASBS) and, for the LTIP, an assumption that 100% of performance shares will vest and the share options will deliver 50% of their face value in gain to the executives.

DIRECTORS' REMUNERATION REPORT CONTINUED

EXECUTIVE DIRECTORS' REMUNERATION

In setting executive directors' remuneration, the Committee is mindful of a range of factors, including remuneration policy, incentive arrangements and the remuneration packages across the Group. In addition, the Committee reviews information on remuneration and benefit levels based on external survey data produced by PwC. The Committee seeks to maintain, wherever possible, a consistent and appropriate basis for comparison year on year in terms of the survey methodology and, in particular, the use of comparator groups from which the survey data is produced. There are three comparator groups that the Committee uses. These are related to revenue, profit before tax and market capitalisation. In each case the comparator group consists of at least 20 non-financial and non-oil/oil services UK based companies that have substantial operations overseas. Half of the companies in each comparator group are the next highest and half are the next lowest compared with Bunzl. The total number of companies included in this survey will depend on the overlap of the companies within each of the three comparator groups but the aim is for the total number of companies to be at least 40. The results from each of the comparator groups are blended by PwC to provide an overall assessed market position as at 1 January of the year of the review. Neither PwC nor New Bridge Street provide specific recommendations to the Committee on remuneration or benefit levels for the executive directors. The Committee does, however, review survey information provided by them in the light of its established remuneration policy before making its decisions. All decisions of the Committee were implemented in full.

SALARY

Purpose	<ul style="list-style-type: none"> • recognise knowledge, skills and experience • reward individual performance • reflect scope and size of the role • consider achievement related to environmental, social and governance issues
Delivery	<ul style="list-style-type: none"> • monthly • cash
Policy	<ul style="list-style-type: none"> • annual review in December (with any changes effective from January) • taking into consideration individual and Group performance, salary increases across the Group are benchmarked for appropriate salary levels using a comparator group of similarly sized companies with large international presence • pensionable

The summary table above sets out the key policy principles for the salaries for the executive directors. Similar principles are applied to the salaries of senior managers and other levels of employees in the organisation, taking into account local market practices across the Group.

Details of the executive directors' annual salaries are as follows:

	Salary from 1 January 2012	Salary from 1 January 2011	Increase in salary 2011 to 2012 %
Michael Roney	£845,000	£825,000	2.4
Brian May	£468,000	£456,000	2.6
Patrick Larmon	US\$960,000	US\$935,000	2.7

Employees across the Group have received, on average, increases in the range of 2%–4% dependent on geographical location with the exception being those employees based in Brazil and China where current market salary increases are much higher. The actual increases received by employees have been based on each individual's contribution and performance as well as the market competitiveness of the salary.

ANNUAL BONUS

Purpose	<ul style="list-style-type: none"> • incentivise the attainment of annual corporate targets • retain high performing employees
Delivery	<ul style="list-style-type: none"> • annual award • 50% cash and 50% shares (deferred shares – DASBS) • Patrick Larmon's maximum cash bonus payment is 65% of the total bonus although the total of cash and deferred shares is capped at 110% of base salary
Policy	<ul style="list-style-type: none"> • the measure for performance is the growth at constant exchange rates in the Company's earnings per share adjusted to exclude items which do not reflect the Company's underlying financial performance ('constant exchange rate eps'). Patrick Larmon has additional measures based on the profit before interest and tax ('pbit') and working capital employed in the business for which he has direct responsibility • the annual on target bonus opportunity for Michael Roney and Brian May is 70% of base salary with a maximum award of 115% of base salary and for Patrick Larmon is 70% of base salary with a maximum award of 110% of base salary • non-pensionable

The annual bonus rewards short term business performance. Appropriately stretching financial performance targets are set by the Committee at the beginning of the year. The use of the constant exchange rate eps measure is seen as appropriate as it is one of Bunzl's KPIs and aligns the executive directors' interests with those of our shareholders. The additional measures relating to pbit and working capital are relevant for Patrick Larmon as these are the key performance indicators of the business he is responsible for running and these measures, together with other business measures, are used to incentivise the management group in North America. The relevant performance points are: threshold (which must be exceeded to attract any payment of bonus); target; and maximum amount (the level at which the bonus for that measure is capped). These performance points are determined at the start of the year by reference to the Group's annual budget. No elements of the bonus are guaranteed. As in previous years, the specific performance points are commercially sensitive and are therefore not made public.

At the end of the performance period, which is the Group's financial year from 1 January until 31 December, the Committee assesses the extent to which the performance measures have been achieved. The level of bonus for each measure is determined by reference to the performance relative to that measure's performance points, on a pro rata basis. In respect of the year ended 31 December 2011, the total payments under the annual bonus plan were:

	Total bonus payment (cash and deferred shares) as a % of salary			
	2011 %	2010 %	2009 %	2008 %
Michael Roney	114.0	81.6	52.2	61.8
Brian May	114.0	81.6	52.2	61.8
Patrick Larmon	110.0	76.7	54.2	55.4

Note

a) The actual performance related payments for 2011 and 2010 are included in the table on page 49.

Under the DASBS, eligible executives, including the executive directors, receive the deferred element of their annual bonus as an award of ordinary shares. The awards are satisfied by ordinary shares that are purchased in the market and provided via the Bunzl Group General Employee Benefit Trust (the 'Trust') on 1 March in the third year after the year in which the award is made when they are transferred to the executive. The rules of the DASBS provide that executives who leave the Group prior to the vesting of their awards lose their rights to any deferred shares although the Committee has discretion to allow such shares to vest if deemed appropriate to do so. For awards made in 2011 and in subsequent years, the clawback terms provide scope for the Committee to reduce or cancel such DASBS awards to the extent that the value of the bonus originally awarded is subsequently deemed to have been overstated as a result of a material mis-statement of the relevant financial statements by which the bonus was originally determined.

In February 2012 the Committee amended the rules of the DASBS to provide the flexibility to structure awards as nil cost options with a three year exercise window commencing on the date of vesting. Following this change, Brian May's outstanding DASBS awards were converted to nil cost options.

LONG TERM INCENTIVES

Purpose	<ul style="list-style-type: none"> incentivise growth in longer term earnings per share adjusted to exclude items that do not reflect the Company's underlying financial performance ('eps') and TSR recruit and retain senior employees
Delivery	<ul style="list-style-type: none"> discretionary biannual awards executive share options and performance shares variable as related to the achievement of performance measures over a three year period
Policy	<p><i>Executive share options</i></p> <ul style="list-style-type: none"> maximum annual award of 300% of salary (although this level of award has never been granted, see the 'Grant/award levels' section below) three year performance period performance measure relates to the growth in the Company's eps relative to UK inflation (RPI) <p><i>Performance shares</i></p> <ul style="list-style-type: none"> maximum annual award of 200% of salary (although this level of award has never been granted, see the 'Grant/award levels' section below) three year performance period TSR performance measure (50% of the total award) compares a combination of both the Company's share price and dividend performance during the three year performance period against a comparator group of similarly sized companies with large international presence (the same group that is used for benchmarking salary) eps performance measure (50% of the total award) relates to the growth in the Company's eps relative to UK inflation (RPI)

DIRECTORS' REMUNERATION REPORT CONTINUED

The long term element of remuneration continues to be delivered through the LTIP. The LTIP Part A relates to the grant of executive share options and Part B to the award of performance shares. All of the executive directors, Executive Committee members and other key employees participate in both parts of the LTIP which was adopted in 2004. The majority of senior management only participate in the LTIP Part A. Share options are granted and performance shares awarded under the LTIP in respect of both new issue shares and market purchased shares.

Grant/award levels

The total actual annual grant/award levels for the executive directors are set out in the table below and have been applied to awards made from August 2008 to date.

	Face value of grants/awards as a percentage of base salary	
	Executive share options	Performance shares
Michael Roney	150%	112.5%
Brian May	140%	105%
Patrick Larmon	125%	94%

To the extent that the performance conditions have been satisfied, grants of executive share options are normally exercisable between three and 10 years after they have been made and awards of performance shares are normally exercisable between three and six years after they have been made. A grant of executive share options or an award of performance shares lapses to the extent that the performance conditions are not satisfied in accordance with the measures set out in the forthcoming sections at the end of the three year performance period.

Performance

The percentage of executive share options which vest is based solely on eps performance conditions, whereas for awards of performance shares vesting is based on a combination of eps and TSR performance. Performance conditions in all cases are measured over a three year period and there is no retesting. The Committee considers that both of these measures are appropriate benchmarks of the Company's performance. This combination provides an important balance of measures relevant to the Group's business and market conditions as well as providing a common goal for the executive directors, senior management and shareholders. Further details on these performance conditions are provided below.

Eps performance condition

Executive share options – LTIP Part A

Executive share options may vest based solely on the Company's eps growth (adjusted to exclude items which do not reflect the Company's underlying financial performance) relative to UK inflation (RPI) over three years, based on the following sliding scale:

Face value of annual executive share options granted as a proportion of salary	Total margin over UK inflation (RPI) after three years
First 150% of salary	9.3%
Next 75% of salary	12.5%
Next 75% of salary	19.1%

The Committee considers that the current performance condition remains appropriate after taking into consideration the recent significant increase in RPI, the current economic conditions, the performance of the business and the fact that a vested option has no value unless the share price increases. The Committee considers that over many years vested executive share options have provided a high level of incentivisation for the management team to strive continually to improve the Group's operational performance and thereby increase the Company's share price.

Performance shares – LTIP Part B

The extent to which half of the awards may vest is subject to a performance condition based on the Company's eps growth (adjusted to exclude items which do not reflect the Company's underlying financial performance) relative to UK inflation (RPI) over three years, based on the following sliding scale:

Total margin over UK inflation (RPI) after three years	Proportion of performance share awards exercisable
Below 12.5%	Nil
12.5%	25%
Between 12.5% and 33.1%	Pro rata between 25%–100%
Over 33.1%	100%

The Committee considers that the current performance condition remains challenging given the recent significant increase in RPI, the current economic conditions and the performance of the business. The Committee considers that the eps performance condition for the vesting of performance shares should be more stretching than for executive share options since on exercise of the award the value of the whole share is delivered to the participant as opposed to executive share options where value only arises if the share price on exercise is greater than the option price.

TSR performance condition

Performance shares – LTIP Part B

The extent to which the other half of the performance share awards may vest is subject to the Company's TSR performance relative to the TSR performance of a specified group of companies (the 'Comparator Group'). The process for identifying the Comparator Group is the same as that used for setting executive remuneration as described under Executive directors' remuneration on page 42. These performance share awards vest in full only if the Company's TSR performance is ranked at upper quartile or above within the Comparator Group and the following vesting schedule is applied:

TSR	Proportion of performance share awards exercisable
Below median	Nil
Median	25%
Median to upper quartile	Pro rata between 25%–100%
Upper quartile	100%

The performance condition relating to TSR for all awards under the LTIP Part B provides for the exclusion from the Comparator Group of those companies that cease to be listed and the exclusion of those companies that have been subject to a recommended takeover offer and are therefore in the process of delisting. Where the companies are excluded from the Comparator Group, the median/upper quartile rankings are recalculated using the reduced number of companies in the Comparator Group. The applicable Comparator Group for the LTIP Part B awards for October 2011 and April 2012 are shown below.

Aegis Group	IMI	PZ Cussons
Aggreko	Inchcape	Reckitt Benckiser
AMEC	Informa	Rexam
Burberry	Inmarsat	Sage Group
Carnival	International Hotels Group	SIG
Cobham	International Power	Smith & Nephew
Computacenter	Intertek	Smiths Group
Cookson	Invensys	Tate & Lyle
Croda International	Johnson Matthey	Thomas Cook Group
Dixons Retail	Kesa Electricals	Tui Travel
Experian	Logica	Weir Group
GKN	Meggitt	WPP
G4S	Mondi	
Hays	Pearson	

TSR is measured according to the return index calculated by Datastream and reviewed by New Bridge Street. It is measured on the basis that all companies' dividends are reinvested in the shares of those companies. The return is the percentage increase in each company's index over the three year performance period. The opening and closing indices for this calculation are respectively the average of the index numbers for the last month preceding the performance period and for the last month of that performance period.

Vesting of LTIP grants/awards made in 2008

Executive share options – LTIP Part A

Grants of executive share options were made to the executive directors on 28 February 2008 and 29 August 2008 with the three year performance periods being completed on 31 December 2010. The Committee subsequently assessed the relevant performance of the Company against the performance conditions. Eps growth was 34.4% for the three years ended 31 December 2010 which compared to an increase in RPI of 8.3% over the same period. Since the performance condition would have been satisfied if eps had grown by at least 17.6% over the period, all of the options vested.

Performance shares – LTIP Part B

Awards of performance shares were made to the executive directors on 17 April 2008 and 7 October 2008 with the three year performance periods being completed on 31 March 2011 and 30 September 2011 respectively. The Committee subsequently assessed the performance of the Company against the relevant performance conditions. The extent to which half of the awards would vest was subject to a performance condition based on eps growth relative to RPI. Eps growth was 34.4% for the three years ended 31 December 2010 compared to an increase in RPI of 8.3% over the same period. A quarter of the award would have been exercisable if eps had grown by at least 20.8% over the period and the whole award would have been exercisable if eps had grown by at least 41.4%. As a result of the Company's actual growth in eps over the period, 74.5% of this part of the awards vested (37.25% of the full awards).

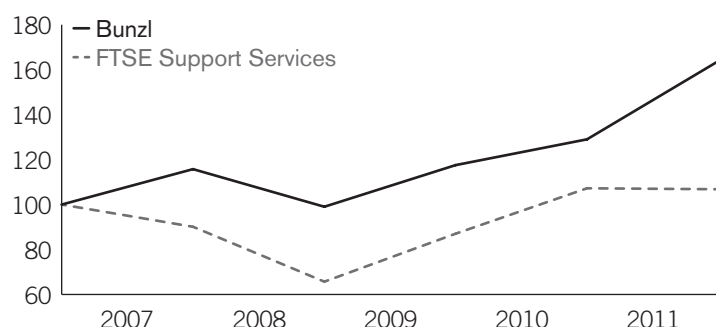
The extent to which the other half of the awards vested was based on the Company's TSR performance against the relevant Comparator Group. For the April award, the Company ranked 25th out of the remaining 38 companies in the Comparator Group of companies, resulting in no vesting for this part of the award. For the October award, the Company ranked 19th out of the remaining 40 companies in the Comparator Group of companies, as a result of which 36.25% of this part of the award vested (18.125% of the full award) for performance between median and upper quartile.

Accordingly 37.25% of the total performance shares awarded in April 2008 and 55.375% of the total performance shares awarded in October 2008 vested in April and October 2011 respectively.

DIRECTORS' REMUNERATION REPORT CONTINUED

Performance graph

Schedule 8 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 requires that the Company must provide a graph comparing the TSR performance of a hypothetical holding of shares in the Company with a broad equity market index over a five year period. The Company's TSR performance against the FTSE Support Services Sector over a five year period commencing on 1 January 2007 is shown below.



Source: Datastream

LTIP – change of control

The rules of the LTIP provide that in the event of a change of control of the Company as a result of takeover, reconstruction or winding up of the Company, the Committee has the discretion to allow grants of options/awards to become exercisable taking into consideration the period of time which has elapsed since the date of the grant of option/award and the achievement of the relevant performance conditions at that date.

ALL EMPLOYEE SHARE SCHEMES

The executive directors are also eligible to participate in all employee share schemes which are designed to incentivise employees of the Group by giving them opportunities to build a shareholding in the Company. The UK based executive directors may participate in an HM Revenue & Customs ('HMRC') approved Sharesave Scheme and the US based executive director may participate in an IRS approved Employee Stock Purchase Plan (US) (the 'ESPP'). In addition employees in Australia, Canada, Germany and the Netherlands are eligible to participate in an International Sharesave Plan and Irish employees can take part in the Irish Sharesave Plan.

Sharesave Scheme

The current Sharesave Scheme was approved by shareholders in 2011, is approved by HMRC and is open to all UK employees who have completed at least three months of continuous service. It, like the Sharesave Scheme which preceded it, is linked to a contract for monthly savings of up to £250 per month over a period of either three or five years. Under the Sharesave Scheme options are granted to participating employees at a discount of up to 20% of the market price prevailing on the day immediately preceding the date of invitation to apply for the option. Options are normally exercisable either three or five years after they have been granted. Both Michael Roney and Brian May participate in the Sharesave Scheme.

ESPP

The current ESPP was also approved by shareholders in 2011 and, like its predecessor, provides an opportunity for employees in the US to purchase the Company's shares in the market at a 15% discount to the market price, up to an annual maximum of 10% of remuneration or US\$25,000 worth of shares, whichever is lower. The purchase of the shares is funded by after tax payroll deductions from the employee with the employing company contributing the 15% discount. Shares held by Patrick Larmon under the ESPPs are included in his ordinary share interests set out in Note 19 to the consolidated financial statements.

OPTIONS AND AWARDS OUTSTANDING

To satisfy the future exercise of options or awards of performance shares under the Group's employee share schemes, ordinary shares are either acquired in the market by the Trust or the Company issues new shares.

The Trust

The Trust is used to satisfy the vesting and exercise of awards of ordinary shares made under the DASBS and the LTIP Parts A and B. The number of shares held in the Trust to satisfy outstanding awards is monitored by the Board. The Trust is funded by interest free loan facilities from the Company enabling the Trust to facilitate the purchase of ordinary shares to satisfy the future vesting or exercise of options and awards under the DASBS and LTIP. The loan is either repaid from the proceeds of the exercise of options or, in the case of ordinary shares acquired by the Trust to satisfy vesting and exercise of awards under the DASBS and the LTIP Part B, the Company will subsequently waive the loan provided over the life of the awards. The Trust currently waives dividends on the ordinary shares held by it. As at 31 December 2011, the Trust held 5,230,867 ordinary shares with a market value of £46.2 million (31 December 2010: 3,995,293 ordinary shares; market value £28.7 million) being 1.5% of the Company's issued ordinary share capital (31 December 2010: 1.1%) (including treasury shares). While shares are held by the Trust, the trustee does not exercise any voting rights.

Details of the Company's material equity share based payment arrangements are set out in Note 16 to the consolidated financial statements.

SHAREHOLDING GUIDELINES

In order to align further the interests of the executive directors and shareholders, the executive directors are required to build a significant personal shareholding in the Company. A formal share ownership guideline is in place under which executive directors are expected to retain shareholdings worth at least equal to their annual base salaries. A period of three years is allowed for executives who are promoted from within the Company to achieve this shareholding with an additional two years permitted in the case of external appointments.

As at 31 December 2011, the value of the executive directors' shareholdings as a percentage of salary were:

	Actual share ownership as a percentage of salary at 31 December 2011 at the closing mid-market price
Michael Roney	310%
Brian May	204%
Patrick Larmon	165%

The interests of the executive directors in the ordinary shares of the Company are shown in Note 19 to the consolidated financial statements.

PENSION BENEFITS

Purpose	<ul style="list-style-type: none"> provision of competitive post retirement benefits
Delivery	<ul style="list-style-type: none"> Bunzl Pension Plan (the 'BPP') for UK based executive directors, the Bunzl USA, Inc. Retirement Plan (the 'US Plan') and Retirement Saving Benefit (the 'RSB') for US based executive directors and pension allowances and supplemental pension arrangements monthly pension payment
Policy	<ul style="list-style-type: none"> all defined benefit pension plans in the Group have been closed since 2003 to new entrants who are offered a defined contribution arrangement the current pension arrangements of the executive directors reflects their date and place of joining the Group

In the UK, Michael Roney receives a pension allowance of 30% of base salary. He has chosen to join the Defined Contribution Section of the BPP and his contribution of 5% of base salary, up to the pensionable salary cap (notionally £123,600 for tax year 2010/2011 and £129,600 for tax year 2011/2012) is matched by the Company. During 2011 such contributions amounted to £6,405 (2010: £6,180) and this amount was deducted from his pension allowance. The Company also provides lump sum life assurance cover of four times base salary.

Brian May, who joined the Group in the UK prior to the closure of the defined benefit sections of the BPP, is a member of the Bunzl Senior Pension Section of the BPP. His pension accrues at the rate of 2.4% per annum up to two thirds of the pensionable salary cap, as described above. The employee contribution rate is currently 9% of pensionable salary. The normal retirement date is 60 years of age but members can choose to take a pension at any time after the age of 55 years without the employing company's agreement, subject to a reduction as determined by the pension fund trustee in conjunction with the pension fund actuary. This section of the BPP includes provision for spouses' benefits on death in service or after retirement. In the event of death in service a spouse's pension equal to 60% of the member's prospective pension at normal retirement age would be payable. A spouse's pension in the event of death after retirement is equal to 60% of the member's full pension, irrespective of any decision to exchange part of the benefit for a lump sum. In addition to benefits from the BPP, Brian May receives a pension allowance of 30% of base salary above the pensionable salary cap which permits him to make provision, of his own choice, in respect of that part of his salary which exceeds the cap. The Company also provides lump sum life assurance cover of four times base salary.

Patrick Larmon originally joined the US Plan, subject to IRS limits, which accrued at a rate of 1.67% per annum up to 50% of the five year average pensionable salary less the primary social security benefit, with a normal retirement age of 65 years. Pensionable salary in the US Plan is capped at US\$140,000. On closure of the US Plan, Patrick Larmon chose to freeze his benefit and join a defined contribution plan, the RSB. Contributions to the RSB are fully funded by the employer on a sliding scale that is age related. The contributions are a percentage of base salary (maximum 5%) which is capped at US\$200,000 per annum. The Company made contributions in respect of Patrick Larmon in 2011 of £6,250 (2010: £6,452). In addition to the benefits described above, Patrick Larmon receives a supplementary pension through a defined benefit Senior Executive Retirement Agreement ('SERA'). Patrick Larmon's SERA provides for a lifetime pension of US\$100,000 per annum, payable upon retirement. In 2011 the Company paid all necessary contributions, on actuarial advice, to the SERA which amounted to £83,337 (2010: £79,913). This increase is attributable to inflation offset by foreign exchange translation. In 2007, the SERA arrangement was closed to new entrants and existing members' benefits were frozen. A new defined contribution SERA ('DC SERA') was put in place for Patrick Larmon. During 2011 contributions to the DC SERA amounted to £181,250 (2010: £187,097). Patrick Larmon also participates in the Bunzl USA, Inc Deferred Savings (401k) Plan. The Company makes matching contributions to this Plan. During 2011 contributions for Patrick Larmon amounted to £6,891 (2010: £7,113).

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

It is the Company's policy that executive directors are normally employed on contracts that provide for 12 months' notice from the Company and six months' notice from the executive. For Michael Roney and Brian May there is no predetermined compensation for termination of these contracts. Patrick Larmon's contract provides that on termination by the Company without cause he is entitled to receive payment of 12 months' base salary plus health insurance coverage, reduced by any interim earnings. There are no provisions for any of the directors for predetermined compensation in excess of one year's remuneration and benefits in-kind. The date of each service contract is noted in the table below.

	Date of service contract
Michael Roney	1 September 2005
Brian May	9 December 2005
Patrick Larmon	1 January 2005

DIRECTORS' REMUNERATION REPORT CONTINUED

EXECUTIVE DIRECTORS' EXTERNAL APPOINTMENTS

With the specific approval of the Board in each case, executive directors may accept external appointments as non-executive directors of other companies and retain any related fees paid to them. Michael Roney served as a non-executive director of Johnson Matthey Plc throughout 2011 and retained fees of £53,703. Neither of the other executive directors hold any such appointments.

NON-EXECUTIVE DIRECTORS' TERMS OF APPOINTMENT

The non-executive directors do not have service contracts with the Company but instead have letters of appointment. The date of appointment and the most recent re-appointment and the length of service for each non-executive director are shown in the table below.

	Date of appointment	Date of last re-appointment at AGM	Length of service as at 2012 Annual General Meeting
Ulrich Wolters	1 July 2004	20 April 2011	7 years 9 months
Peter Johnson	1 January 2006	20 April 2011	6 years 3 months
David Sleath	1 September 2007	20 April 2011	4 years 7 months
Eugenia Ulsawiecz	1 April 2011	20 April 2011	1 year

On termination, at any time, a non-executive director is entitled to any accrued but unpaid director's fees but not to any other compensation.

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

The current fee structure for the non-executive directors is shown below:

	With effect from January 2012 £	Fees paid in 2011 £
Basic fee	61,500	60,000
Supplements:		
Senior Independent Director	16,000	16,000
Audit Committee Chairman	12,000	11,000
Remuneration Committee Chairman	12,000	11,000

Note

a) Fees were reviewed but not increased in 2011.

The fees for the non-executive directors are considered annually and are determined in light of market practice and with reference to time commitment and responsibilities associated with the roles.

Non-executive directors' fees (including those of the Chairman) are determined within the overall aggregate annual limit of £1,000,000 authorised by shareholders with reference to the Company's Articles of Association. The Board as a whole considers the policy and structure for the non-executive directors' fees on the recommendation of the Chairman and the Chief Executive. The non-executive directors do not participate in discussions on their specific levels of remuneration.

Non-executive directors receive no other pay or benefits (with the exception of reimbursement of expenses incurred in respect of their duties as directors of the Company).

CHAIRMAN'S TERMS OF APPOINTMENT AND REMUNERATION

The Committee is responsible for determining the terms of engagement and fees payable to the Chairman. This process takes into account the breadth of the role coupled with its associated levels of commitment and expertise.

Philip Rogerson has been a director of the Company since 1 January 2010 and has been Chairman of the Company from 1 April 2010. The terms of his appointment provide that he holds the appointment for an initial term of three years unless terminated earlier by either party giving to the other not less than three months' written notice.

The terms of Philip Rogerson's appointment provided for an annual fee of £300,000 in 2010 and 2011. In common with the non-executive directors, Philip Rogerson does not participate in the Company's share schemes, bonus or long term incentive plans and is not a member of any Group pension plan.

In February 2012, the Committee reviewed the fee for the Chairman against practice in the FTSE 50-125 and the Comparator Group as described on page 42. Having done so, the Committee decided to increase the annual fee to £310,000 with effect from January 2012.

COPIES OF SERVICE CONTRACTS AND TERMS OF APPOINTMENT

Copies of the executive directors' service contracts and the details of the terms of appointment of each non-executive director and the Chairman are available for inspection during normal business hours at the Company's registered office and will also be available for inspection at the AGM on 18 April 2012.

SUPPLEMENTARY INFORMATION ON DIRECTORS' REMUNERATION

The following table gives details of each director's remuneration for the financial year 2011.

	Salary/fees 2011 £000	Annual cash bonus 2011 £000	Pension allowance net of pension contributions 2011 £000	Benefits 2011 £000	Total 2011 £000	Total 2010 £000	Deferred bonus 2011 £000	2010 £000
Executive								
Michael Roney	825.0	470.2	241.1	16.4	1,552.7	1,385.3	470.2	328.4
Brian May	456.0	259.9	98.4	16.4	830.7	734.2	259.9	180.3
Patrick Larmon	584.4	322.1	–	18.0	924.5	831.2	320.8	226.3
Non-executive								
Philip Rogerson	300.0	–	–	–	300.0	300.0	–	–
Ulrich Wolters	60.0	–	–	–	60.0	60.0	–	–
Peter Johnson	83.3	–	–	–	83.3	70.7	–	–
David Sleath	71.0	–	–	–	71.0	71.0	–	–
Eugenia Ulasewicz	45.0	–	–	–	45.0	–	–	–
Former non-executive								
Charles Banks	29.6	–	–	–	29.6	71.0	–	–
	2,454.3	1,052.2	339.5	50.8	3,896.8	3,523.4	1,050.9	735.0

Notes

- The figures above represent remuneration earned as directors during the relevant financial year including, in the case of the executive directors, the cash element of the bonus which is paid in the year following that in which it is earned. The deferred element of the bonus is shown above as a cash amount. However this cash amount is conditionally awarded as shares as described on page 43. Shares relating to the 2010 deferred bonus were awarded in 2011 as shown in the table on page 50 and the shares relating to the 2011 deferred bonus will be awarded in 2012.
- The remuneration for Patrick Larmon is paid or determined in US dollars and has been translated at the average exchange rates for the year of £1: US\$1.60 in respect of 2011 and £1: US\$1.55 in respect of 2010.
- The fees paid in 2011 to Eugenia Ulasewicz in her capacity as non-executive director relate to the period from 1 April 2011 when she joined the Board.
- The 2011 fees paid to Charles Banks in his capacity as non-executive director and Chairman of the Committee relate to the period 1 January 2011 to 31 May 2011.
- The pension allowance is the amount paid in cash during 2011. Further information relating to pensions is on page 47 and the table below which shows increases in accrued benefits during the year for directors who are members of the Group's defined benefit pension plans.
- In addition to the remuneration paid to directors in 2010 shown above, Jeff Harris, who retired as Interim Chairman and Senior Independent Director on 28 February 2010, received remuneration of £45,000 in respect of the period from 1 January 2010 to 28 February 2010.

Increases in pension benefits at 31 December 2011

	Accrued benefits at 31.12.10 per annum £	Accrued benefits at 31.12.11 per annum £	Transfer value of accrued benefits at 31.12.10 £	Change in transfer value of accrued benefits during the year £	Transfer value of accrued benefits at 31.12.11 £
Brian May	42,390	47,549	627,732	326,636	965,897
Patrick Larmon*	16,641	16,856	121,189	22,809	143,998

*Excluding SERA entitlements

Notes

- Of the additional benefits accrued since 1 January 2011, the increases attributable to factors other than inflation or foreign exchange translation were £3,039 for Brian May and £nil for Patrick Larmon (whose benefits are frozen in this plan).
- Pension accruals shown are the amounts accrued based on service with Bunzl plc or its subsidiaries.
- The changes in the transfer values of accrued benefits have been calculated on the basis of actuarial advice in accordance with any relevant actuarial legislation and, in the case of Brian May, are net of his contributions. The change in the transfer value of accrued benefits for Brian May includes the effect of fluctuation in the transfer value due to factors beyond the control of the Company and the directors, such as changes in market conditions and, in particular this year, reflects the significant falls in gilt yields.

DIRECTORS' REMUNERATION REPORT CONTINUED

Deferred share awards as at 31 December 2011

The following deferred share awards have been made to the directors. Further information relating to the deferred bonus is provided on pages 42 and 43.

	Shares held at 1 January 2011	Shares awarded during 2011	Shares vested during 2011	Total number of award shares at 31 December 2011	Vesting date of award	Share price at grant (p)	Market price at vesting (p)	Monetary value of vested award £000
Michael Roney	39,851	–	39,851	–	01.03.11	697.5	745	297
	41,217	–	–	41,217	01.03.12	581	–	–
	29,724	–	–	29,724	01.03.13	680.5	–	–
	–	43,215	–	43,215	01.03.14	760	–	–
Brian May	21,987	–	21,987	–	01.03.11	697.5	745	164
	22,603	–	–	22,603	01.03.12	581	–	–
	16,300	–	–	16,300	01.03.13	680.5	–	–
	–	23,728	–	23,728	01.03.14	760	–	–
Patrick Larmon	18,272	–	18,272	–	01.03.11	697.5	745	136
	29,672	–	–	29,672	01.03.12	581	–	–
	23,268	–	–	23,268	01.03.13	680.5	–	–
	–	28,372	–	28,372	01.03.14	760	–	–

Notes

- The deferred element of the 2011 annual bonus plan as showed on page 49 is not included in the table above as the appropriate number of shares will not be awarded until 1 March 2012. No shares lapsed during the year.
- In February 2012 Brian May's awards were converted to nil cost options with a three year exercise window commencing on the date of vesting.

LTIP

The tables below show the number of executive share options and performance shares held by the executive directors under the LTIP. Details of the relevant performance conditions and structure of the LTIP are set out on pages 43 to 46.

Executive share options – LTIP Part A

	Options at 1 January 2011	Grant date	Exercise price (p)	Options exercisable between	Options at 31 December 2011
Michael Roney	180,530	01.11.05	565	01.11.08 – 31.10.15	180,530
	78,643	06.03.06	648.5	06.03.09 – 05.03.16	78,643
	78,500	01.09.06	652.5	01.09.09 – 31.08.16	78,500
	83,000	01.03.07	659	01.03.10 – 28.02.17	83,000
	79,500	31.08.07	684.5	31.08.10 – 30.08.17	79,500
	81,000	28.02.08	721.5	28.02.11 – 27.02.18	81,000
	83,000	29.08.08	700.5	29.08.11 – 28.08.18	83,000
	103,500	26.02.09	564	26.02.12 – 25.02.19	103,500
	99,500	27.08.09	585	27.08.12 – 26.08.19	99,500
	89,500	25.02.10	676.5	25.02.13 – 24.02.20	89,500
	81,000	03.09.10	746	03.09.13 – 02.09.20	81,000
		03.03.11	724.5	03.03.14 – 02.03.21	85,500
Brian May		02.09.11	812.5	02.09.14 – 01.09.21	76,500
	20,000	09.09.05	568	09.09.08 – 08.09.15	20,000
	32,382	06.03.06	648.5	06.03.09 – 05.03.16	32,382
	32,500	01.09.06	652.5	01.09.09 – 31.08.16	32,500
	34,000	01.03.07	659	01.03.10 – 28.02.17	34,000
	33,000	31.08.07	684.5	31.08.10 – 30.08.17	33,000
	33,000	28.02.08	721.5	28.02.11 – 27.02.18	33,000
	42,500	29.08.08	700.5	29.08.11 – 28.08.18	42,500
	53,000	26.02.09	564	26.02.12 – 25.02.19	53,000
	51,000	27.08.09	585	27.08.12 – 26.08.19	51,000
	46,000	25.02.10	676.5	25.02.13 – 24.02.20	46,000
	41,500	03.09.10	746	03.09.13 – 02.09.20	41,500
Patrick Larmon		03.03.11	724.5	03.03.14 – 02.03.21	44,500
		02.09.11	812.5	02.09.14 – 01.09.21	39,500
	53,200	01.03.05	500.25	01.03.08 – 28.02.15	–
	48,411	09.09.05	568	09.09.08 – 08.09.15	48,411
	38,458	06.03.06	648.5	06.03.09 – 05.03.16	38,458
	43,000	01.09.06	652.5	01.09.09 – 31.08.16	43,000
	47,000	01.03.07	659	01.03.10 – 28.02.17	47,000
	45,000	31.08.07	684.5	31.08.10 – 30.08.17	45,000
	44,500	28.02.08	721.5	28.02.11 – 27.02.18	44,500
	45,500	29.08.08	700.5	29.08.11 – 28.08.18	45,500
	56,500	26.02.09	564	26.02.12 – 25.02.19	56,500
	54,500	27.08.09	585	27.08.12 – 26.08.19	54,500
	48,500	25.02.10	676.5	25.02.13 – 24.02.20	48,500
	44,000	03.09.10	746	03.09.13 – 02.09.20	44,000
		03.03.11	724.5	03.03.14 – 02.03.21	46,500
		02.09.11	812.5	02.09.14 – 01.09.21	41,500

Notes

- Executive share options were exercised during 2011 by Patrick Larmon on 14 December 2011 in respect of 53,200 ordinary shares at an exercise price of 500.25p at a market price of approximately 851p resulting in a gain to the executive director of £186,747.
- The mid-market price of a share on 31 December 2011 was 884p and the range during 2011 was 676.5p to 884p.
- The performance conditions have been satisfied in relation to options granted prior to 2010 under the LTIP Part A.

DIRECTORS' REMUNERATION REPORT CONTINUED

Performance shares – LTIP Part B

	Awards (shares) held at 1 January 2011	Conditional shares awarded during 2011	Award date	Market price per share at award (p)	Lapsed awards (shares) during 2011	Exercised awards (shares) during 2011	Market price per share at exercise (p)	Value at exercise £000	Awards (shares) held at 31 December 2011
Michael Roney	56,000	–	17.04.08	694	35,140	20,860	728	152	–
	67,500	–	07.10.08	649.5	30,123	37,377	788	294	–
	90,000	–	23.04.09	485.25	–	–	–	–	90,000
	69,500	–	02.10.09	628	–	–	–	–	69,500
	63,000	–	01.04.10	721	–	–	–	–	63,000
	60,000	–	08.10.10	759	–	–	–	–	60,000
	–	64,500	08.04.11	725	–	–	–	–	64,500
	–	59,000	11.10.11	787	–	–	–	–	59,000
Total	406,000	123,500			65,263	58,237		446	406,000
Brian May	26,000	–	17.04.08	694	16,315	9,685	740	72	–
	34,500	–	07.10.08	649.5	15,396	19,104	827	158	–
	46,000	–	23.04.09	485.25	–	–	–	–	46,000
	36,000	–	02.10.09	628	–	–	–	–	36,000
	32,500	–	01.04.10	721	–	–	–	–	32,500
	31,000	–	08.10.10	759	–	–	–	–	31,000
	–	33,500	08.04.11	725	–	–	–	–	33,500
	–	30,500	11.10.11	787	–	–	–	–	30,500
Total	206,000	64,000			31,711	28,789		230	209,500
Patrick Larmon	34,500	–	17.04.08	694	21,649	12,851	728	94	–
	37,000	–	07.10.08	649.5	16,512	20,488	788	161	–
	49,500	–	23.04.09	485.25	–	–	–	–	49,500
	38,500	–	02.10.09	628	–	–	–	–	38,500
	34,500	–	01.04.10	721	–	–	–	–	34,500
	32,500	–	08.10.10	759	–	–	–	–	32,500
	–	35,000	08.04.11	725	–	–	–	–	35,000
	–	32,000	11.10.11	787	–	–	–	–	32,000
Total	226,500	67,000			38,161	33,339		255	222,000

Note

a) The closing mid-market price of the Company's shares as at the vesting dates on 21 April 2011 and 10 October 2011 were 731.5p and 787p respectively.

All employees share scheme

Sharesave Scheme

The tables below shows the number of share options granted to the executive directors under the Sharesave Scheme. Details of the Sharesave Scheme are set out on page 46.

	Options at 1 January 2011	Grant date	Exercise price (p)	Options exercisable between	Options at 31 December 2011
Michael Roney	3,136	27 September 2006	522	01.11.11 – 30.04.12	–
Brian May	3,462	24 March 2009	452	01.05.14 – 31.10.14	3,462

Note

a) On 1 November 2011 Michael Roney exercised options in respect of 3,136 ordinary shares at an exercise price of 522p at a market price of approximately 795p resulting in a gain to the executive director of £8,569.

Peter Johnson

Chairman of the Remuneration Committee
27 February 2012

FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2011

	Notes	2011 £m	2010 £m
Revenue	3	5,109.5	4,829.6
Operating profit before intangible amortisation and acquisition related costs	3	335.7	306.7
Intangible amortisation and acquisition related costs	3	(56.4)	(51.0)
Operating profit	3	279.3	255.7
Finance income	5	21.8	20.3
Finance cost	5	(51.4)	(50.8)
Disposal of business	25	(56.0)	–
Profit before income tax		193.7	225.2
Profit before income tax, intangible amortisation, acquisition related costs and disposal of business		306.1	276.2
Income tax	6	(69.9)	(66.2)
Profit for the year attributable to the Company's equity holders		123.8	159.0
Earnings per share attributable to the Company's equity holders			
Basic	7	38.2p	49.1p
Diluted	7	38.0p	48.8p

The Accounting policies and Notes on pages 59 to 88 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	Notes	2011 £m	2010 £m
Profit for the year		123.8	159.0
Other comprehensive income			
Actuarial loss on pension schemes	20	(35.5)	(2.5)
Foreign currency translation differences for foreign operations		(10.7)	1.1
(Loss)/gain taken to equity as a result of designated effective net investment hedges		(9.5)	2.3
Gain recognised in cash flow hedge reserve		0.8	0.4
Movement from cash flow hedge reserve to income statement		0.6	1.4
Income tax credit on other comprehensive income	6	11.0	2.0
Other comprehensive (expense)/income for the year		(43.3)	4.7
Total comprehensive income for the year attributable to the Company's equity holders		80.5	163.7

CONSOLIDATED BALANCE SHEET

at 31 December 2011

	Notes	2011 £m	2010 £m
Assets			
Property, plant and equipment	8	109.0	118.1
Intangible assets	9	1,256.8	1,244.6
Investment in associates		0.5	0.5
Derivative financial assets		18.4	25.1
Deferred tax assets	15	13.2	5.9
Total non-current assets		1,397.9	1,394.2
Inventories	10	528.6	482.0
Income tax receivable		0.6	6.2
Trade and other receivables	11	738.6	690.8
Derivative financial assets		1.5	1.3
Cash and deposits	23	74.2	83.9
Total current assets		1,343.5	1,264.2
Total assets		2,741.4	2,658.4
Equity			
Share capital	16	113.8	113.3
Share premium		136.4	133.9
Translation reserve		37.3	57.5
Other reserves		10.8	9.8
Retained earnings		508.4	481.9
Total equity attributable to the Company's equity holders		806.7	796.4
Liabilities			
Interest bearing loans and borrowings	23	678.8	691.5
Retirement benefit obligations	20	74.3	52.3
Other payables		17.9	7.9
Derivative financial liabilities		2.3	2.2
Provisions	14	39.2	35.5
Deferred tax liabilities	15	126.7	115.4
Total non-current liabilities		939.2	904.8
Bank overdrafts	23	29.2	9.0
Interest bearing loans and borrowings	23	37.5	126.2
Income tax payable		44.9	46.4
Trade and other payables	12	874.4	766.3
Derivative financial liabilities		0.3	0.7
Provisions	14	9.2	8.6
Total current liabilities		995.5	957.2
Total liabilities		1,934.7	1,862.0
Total equity and liabilities		2,741.4	2,658.4

Approved by the Board of Directors of Bunzl plc (Company registration number 358948) on 27 February 2012 and signed on its behalf by Michael Roney, Chief Executive and Brian May, Finance Director.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2011

				Other reserves			Retained earnings		
	Share capital £m	Share premium £m	Translation reserve £m	Merger £m	Capital redemption £m	Cash flow hedge £m	Own shares £m	Earnings £m	Total equity £m
At 1 January 2011	113.3	133.9	57.5	2.5	8.6	(1.3)	(199.5)	681.4	796.4
Profit for the year								123.8	123.8
Actuarial loss on pension schemes								(35.5)	(35.5)
Foreign currency translation differences for foreign operations			(10.7)						(10.7)
Loss taken to equity as a result of designated effective net investment hedges			(9.5)						(9.5)
Gain recognised in cash flow hedge reserve						0.8			0.8
Movement from cash flow hedge reserve to income statement						0.6			0.6
Income tax (charge)/credit on other comprehensive income						(0.4)		11.4	11.0
Total comprehensive income			(20.2)			1.0		99.7	80.5
2010 interim dividend								(16.6)	(16.6)
2010 final dividend								(52.3)	(52.3)
Issue of share capital	0.5	2.5							3.0
Employee trust shares							(14.3)		(14.3)
Share based payments								10.0	10.0
At 31 December 2011	113.8	136.4	37.3	2.5	8.6	(0.3)	(213.8)	722.2	806.7
At 1 January 2010	113.0	131.7	52.7	2.5	8.6	(2.6)	(213.0)	581.2	674.1
Profit for the year								159.0	159.0
Actuarial loss on pension schemes								(2.5)	(2.5)
Foreign currency translation differences for foreign operations			1.1						1.1
Gain taken to equity as a result of designated effective net investment hedges			2.3						2.3
Gain recognised in cash flow hedge reserve						0.4			0.4
Movement from cash flow hedge reserve to income statement						1.4			1.4
Income tax credit/(charge) on other comprehensive income			1.4			(0.5)		1.1	2.0
Total comprehensive income			4.8			1.3		157.6	163.7
2009 interim dividend								(20.2)	(20.2)
2009 final dividend								(45.9)	(45.9)
Issue of share capital	0.3	2.2							2.5
Employee trust shares							13.5		13.5
Share based payments								8.7	8.7
At 31 December 2010	113.3	133.9	57.5	2.5	8.6	(1.3)	(199.5)	681.4	796.4

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2011

	Notes	2011 £m	2010 £m
Cash flow from operating activities			
Profit before income tax		193.7	225.2
Adjustments:			
depreciation		25.4	25.5
intangible amortisation and acquisition related costs		56.4	51.0
share based payments		5.3	4.7
disposal of business	25	56.0	–
Working capital movement		31.4	(12.7)
Finance income		(21.8)	(20.3)
Finance cost		51.4	50.8
Provisions		1.7	(9.4)
Pensions		(12.1)	(9.7)
Other		2.7	2.5
Cash generated from operations		390.1	307.6
Cash outflow from acquisition related costs	24	(12.1)	(5.6)
Income tax paid		(63.4)	(79.7)
Cash inflow from operating activities		314.6	222.3
Cash flow from investing activities			
Interest received		2.9	2.6
Purchase of property, plant and equipment		(22.6)	(23.4)
Sale of property, plant and equipment		1.7	1.3
Purchase of businesses	24	(149.2)	(105.0)
Disposal of business	25	30.6	–
Cash outflow from investing activities		(136.6)	(124.5)
Cash flow from financing activities			
Interest paid		(33.5)	(33.8)
Dividends paid		(68.9)	(66.1)
(Decrease)/increase in loans		(90.3)	15.1
Realised (losses)/gains on foreign exchange contracts		(0.2)	5.3
Net (purchase)/proceeds from employee shares		(12.6)	11.8
Cash outflow from financing activities		(205.5)	(67.7)
Exchange (loss)/gain on cash and cash equivalents		(2.4)	1.8
(Decrease)/increase in cash and cash equivalents		(29.9)	31.9
Cash and cash equivalents at start of year		74.9	43.0
(Decrease)/increase in cash and cash equivalents		(29.9)	31.9
Cash and cash equivalents at end of year	23	45.0	74.9

NOTES

1 BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2011 have been approved by the directors and prepared in accordance with EU endorsed International Financial Reporting Standards ('IFRS') and interpretations of the International Financial Reporting Interpretations Committee ('IFRIC'). The consolidated financial statements have been prepared on a going concern basis (as referred to in the Directors' report on page 32) and under the historical cost convention with the exception of certain items which are measured at fair value as disclosed in the accounting policies below. The Company has elected to prepare its parent company financial statements in accordance with UK Generally Accepted Accounting Practice ('UK GAAP').

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

2 ACCOUNTING POLICIES

a Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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, deferred consideration and payments which are contingent on the continued employment of former owners of businesses acquired. The excess of the consideration (excluding payments contingent on future employment) 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.

(ii) Associates

Associates are entities over which the Group is in a position to exercise significant influence. Associates are accounted for using the equity method and are recognised initially at cost. The consolidated financial statements include the Group's share of the income and expenses of associates.

(iii) 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 a separate component of equity.

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 investments, are recognised directly in a separate component of equity. Differences that have arisen since 1 January 2004, the date of transition to IFRS, are presented as a separate component of equity.

c Financial instruments

Under International Accounting Standard ('IAS') 39 'Financial Instruments: Recognition and Measurement', financial instruments are initially measured at fair value with subsequent measurement depending upon the classification of the instrument. Other financial assets and liabilities are held at amortised cost unless they are in a fair value hedging relationship. Derivative financial instruments are used to hedge exposures to foreign exchange and interest rate risks.

(i) Fair value hedge

Where a derivative financial 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. 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.

(ii) Cash flow hedge

Where a derivative that is designated and qualifies as a hedge is used to hedge forecast transactions, any effective portion of the change in fair value is recognised in equity. The gain or loss relating to any ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the period when the hedged item affects profit or loss.

(iii) Hedge of a net investment in foreign operations

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. To the extent that the hedge is ineffective such differences are recognised in the income statement.

NOTES CONTINUED

2 ACCOUNTING POLICIES CONTINUED

d Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

e Depreciation

Depreciation is provided on a straight line basis to write off cost less estimated residual value over the assets' estimated remaining useful lives. This is applied at the following annual rates:

Buildings	2% (or depreciated over life of lease if shorter than 50 years)
Plant and machinery	10%–20%
Fixtures, fittings and equipment	10%–33%
Freehold land	Not depreciated

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

f 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 has chosen to apply IFRS 3 'Business Combinations' from 1 January 2004 and has elected not to restate previous business combinations. For acquisitions made before 1 January 2004, goodwill represents the amount previously recorded under 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 acquisition related costs) in excess of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is allocated to cash generating units and is tested annually for impairment. Negative goodwill arising on acquisition is recognised immediately in the income statement.

(ii) Other intangible assets

Intangible assets acquired in a business combination are recognised on acquisition and recorded at fair value. These principally relate to customer relationships and 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).

g Leases

Operating lease rentals and any incentives receivable are recognised in the income statement on a straight line basis over the term of the relevant lease. Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased assets are classified as finance leases. Where land and buildings are held under leases, the accounting treatment of the land is considered separately from that of the buildings due to the indefinite life of land.

h 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 to sell 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 cash generating unit exceeds its recoverable amount, with impairment losses being recognised in the income statement.

i Inventories

Inventories are valued at the lower of cost and net realisable value.

j Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank overdrafts and short term deposits with maturities of three months or less from the date the deposit is made.

k Trade and other receivables

Trade and other receivables are stated at cost less any impairment losses. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or uncertainty as to whether the Group will be able to collect all such amounts.

l Trade and other payables

Trade and other payables are stated at cost.

2 ACCOUNTING POLICIES CONTINUED

m Income tax

Income tax in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except when it relates to items reflected in equity when it is recognised in equity.

Current tax reflects tax payable on taxable income for the year using rates enacted or substantively enacted at the balance sheet date and any adjustments in respect of prior years.

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. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which any asset can be utilised.

n Revenue

The Group is engaged in the delivery of goods to customers. Revenue from a sale is recognised in the income statement upon delivery of the relevant goods, which is the point in time at which the significant risks and rewards of ownership of the goods are transferred.

Revenue is valued at invoiced amount, 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 period whereas volume discounts are based on agreements with customers.

Revenue is not recognised if there is significant uncertainty regarding recovery of the consideration due.

o Employee benefits

(i) Defined contribution pension schemes

Obligations for contributions to defined contribution pension schemes are charged as an expense to the income statement as incurred.

(ii) Defined benefit pension schemes

Pension liabilities are recognised in the consolidated balance sheet and represent the difference between the fair value of scheme assets and the present value of scheme liabilities. Scheme liabilities are determined on an actuarial basis using the projected unit method and discounted using the rate applicable to AA rated corporate bonds that have a similar maturity to the scheme liabilities.

Current service cost, past service cost/credit 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 or is otherwise amortised on a straight line basis over the average period until the benefits are vested. The unwinding of the discount on scheme liabilities is recognised within finance cost and the expected return on scheme assets generated during the year is included within finance income.

Actuarial gains and losses are recognised in full in the consolidated statement of comprehensive income.

p 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 sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is recognised in retained earnings.

q Share based payments

The Group operates equity settled share based compensation plans. Details of these plans are outlined in Note 16 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.

r Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and where 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 current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the Group's obligations under the contract.

s Net debt

Net debt is defined as interest bearing loans and borrowings and the fair value of interest rate swaps on fixed interest rate borrowings, less cash and cash equivalents.

NOTES CONTINUED

2 ACCOUNTING POLICIES CONTINUED

t Dividends

The interim dividend is recognised in the Consolidated 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.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The following provides information on those policies that management considers critical because of the level of judgement and estimation required which often involves assumptions regarding future events which can vary from what is anticipated. The directors review the judgements and estimates on an ongoing basis with revisions to accounting estimates recognised in the period in which the estimates are revised and in any future periods affected. The key sources of estimation uncertainty 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 consolidated financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Group's performance and financial position. Where appropriate and practicable, sensitivities are disclosed in the relevant notes.

a Pension benefits

The cost of defined benefit pension schemes and the present value of the obligations relating thereto are determined using actuarial valuations appropriate for each country where defined benefit pension schemes are provided. The actuarial valuations involve making assumptions about discount rates, expected rates of return on assets, future salary increases, future pension increases and mortality rates. All assumptions are reviewed at each reporting date. In determining the appropriate discount rates, management considers the interest rates of corporate bonds with an AA rating in the relevant country. Future salary increases and future pension increases are based on expected future inflation rates for each country. Mortality rates are based on the relevant mortality tables for each country. Further details about the assumptions used are set out in Note 20.

b Intangible assets

IFRS 3 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 periods 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. Further details about the assumptions used are set out in Note 9.

c Acquisitions

Acquisitions are accounted for using the acquisition method based on the fair value of the consideration paid. Assets and liabilities are measured at fair value and the purchase price is allocated to assets and liabilities based on these fair values.

Determining the fair values of assets and liabilities acquired involves the use of significant estimates and assumptions (including discount rates, asset lives and recoverability). Assets and liabilities are measured at fair value and the value of freehold properties is typically determined by qualified valuers on an open market basis.

Management believes that estimates made in previous years have been materially accurate as any changes made in the allocation period following acquisition to finalise provisional fair value adjustments made in the year of acquisition have not been material.

d Tax

The Group is subject to income taxes in a number of jurisdictions. Management is required to make judgements and estimates in determining the provisions for income taxes and deferred tax assets and liabilities recognised in the consolidated financial statements. Tax benefits are recognised to the extent that it is probable that sufficient taxable income will be available in the future against which temporary differences and unused tax losses can be utilised.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group is currently assessing the impact of revisions to standards and interpretations or amendments that are not yet effective. The most significant of these changes is considered to be IAS 19 (revised 2011) 'Employee Benefits' which is effective for the 2013 financial year and requires the replacement of the expected return on assets and interest charge on pension scheme liabilities with a net financing cost based on the discount rate. The revised standard is yet to be endorsed by the EU. The impact of the change had it been effective in 2011 would have been to increase the net interest expense by approximately £4m, to reduce profit before income tax by approximately £4m and reduce profit after tax by approximately £3m.

The Group does not consider that any other standards or interpretations issued by the International Accounting Standards Board ('IASB') but not yet applicable will have a significant impact on the consolidated financial statements.

3 SEGMENT ANALYSIS

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Year ended 31 December 2011						
Revenue	2,727.9	1,067.1	996.6	317.9		5,109.5
Operating profit/(loss) before intangible amortisation and acquisition related costs	169.2	95.6	60.2	28.4	(17.7)	335.7
Intangible amortisation	(6.9)	(27.1)	(7.8)	(4.7)	–	(46.5)
Acquisition related costs	(1.2)	(5.2)	(0.7)	(2.8)	–	(9.9)
Operating profit/(loss)	161.1	63.3	51.7	20.9	(17.7)	279.3
Finance income						21.8
Finance cost						(51.4)
Disposal of business (see Note 25)						(56.0)
Profit before income tax						193.7
Profit before income tax, intangible amortisation, acquisition related costs and disposal of business						306.1
Income tax						(69.9)
Profit for the year						123.8
Capital expenditure	7.6	8.2	4.7	1.8	0.3	22.6
Depreciation	6.3	11.2	6.1	1.6	0.2	25.4
Year ended 31 December 2010						
Revenue	2,621.0	936.4	1,007.1	265.1		4,829.6
Operating profit/(loss) before intangible amortisation and acquisition related costs	160.2	79.9	59.5	23.8	(16.7)	306.7
Intangible amortisation	(7.5)	(24.2)	(7.8)	(4.0)	–	(43.5)
Acquisition related costs	(1.0)	(6.2)	–	(0.3)	–	(7.5)
Operating profit/(loss)	151.7	49.5	51.7	19.5	(16.7)	255.7
Finance income						20.3
Finance cost						(50.8)
Profit before income tax						225.2
Profit before income tax, intangible amortisation and acquisition related costs						276.2
Income tax						(66.2)
Profit for the year						159.0
Capital expenditure	4.6	10.2	7.2	1.3	0.1	23.4
Depreciation	6.2	9.3	8.2	1.6	0.2	25.5

Acquisition related costs for the year ended 31 December 2011 include transaction costs and expenses of £4.6m (2010: £5.5m) and deferred consideration payments of £5.3m (2010: £2.0m) which are contingent on the continued employment of former owners of businesses acquired.

The Group is managed through four business areas based on geographic regions which represent the reporting segments under IFRS 8 'Operating Segments'. 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, cleaning & hygiene, non-food retail, safety and healthcare market sectors. The performance of the four business areas is assessed by reference to operating profit before intangible amortisation and acquisition related costs 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 accordance with the provisions of IFRS 8, the Company's chief operating decision maker is the Board of Directors.

Within each of the four business areas, there are a number of further segments based on geography and market sector. These segments have been aggregated into the four business areas as shown above due to the similarity between them in terms of economic characteristics and also in respect of the nature of the products and services, types of customer and the methods used to distribute these products and services.

There are no customers who account for more than 10% of Group revenue. Customer dependencies are regularly monitored.

NOTES CONTINUED

3 SEGMENT ANALYSIS CONTINUED

	2011 £m	2010 £m
Revenue by market sector		
Grocery	1,534.5	1,475.8
Foodservice	1,449.0	1,396.2
Cleaning & hygiene	731.2	684.7
Non-food retail	422.3	396.0
Safety	400.1	329.6
Healthcare	355.8	326.6
Other	216.6	220.7
	5,109.5	4,829.6

The Cleaning & safety sector shown in previous years has been divided into two separate sectors called Cleaning & hygiene and Safety. The 2010 comparatives have been amended to reflect this new classification.

The Other category covers a wide range of market sectors, none of which is sufficiently material to warrant separate disclosure.

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Unallocated £m	Total £m
At 31 December 2011						
Segment assets	818.6	949.4	600.2	256.5		2,624.7
Unallocated assets					116.7	116.7
Total assets	818.6	949.4	600.2	256.5	116.7	2,741.4
Segment liabilities	341.8	236.5	257.9	70.2		906.4
Unallocated liabilities					1,028.3	1,028.3
Total liabilities	341.8	236.5	257.9	70.2	1,028.3	1,934.7
At 31 December 2010						
Segment assets	781.3	880.0	669.3	188.2		2,518.8
Unallocated assets					139.6	139.6
Total assets	781.3	880.0	669.3	188.2	139.6	2,658.4
Segment liabilities	278.3	216.2	239.3	49.1		782.9
Unallocated liabilities					1,079.1	1,079.1
Total liabilities	278.3	216.2	239.3	49.1	1,079.1	1,862.0

Unallocated assets and liabilities include Corporate assets and liabilities, tax assets and liabilities, cash and deposits, borrowings, derivative assets and liabilities and pension scheme assets and liabilities.

4 ANALYSIS OF OPERATING INCOME AND EXPENSES

	2011 £m	2010 £m
Purchase of goods and changes in inventories	3,905.7	3,686.8
Employee costs (see Note 21)	486.9	464.6
Depreciation of property, plant and equipment	25.4	25.5
Amortisation of intangible fixed assets	46.5	43.5
Acquisition related costs	9.9	7.5
(Profit)/loss on disposal of property, plant and equipment	(0.1)	0.7
Net foreign exchange losses	0.1	0.2
Rentals payable under operating leases and subleases	83.0	85.1
Lease and sublease income	(1.3)	(1.5)
Other operating expenses	274.1	261.5
Net operating expenses	4,830.2	4,573.9

	2011			2010		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Analysis of auditor's remuneration						
Audit of the Company's financial statements	0.3	–	0.3	0.3	–	0.3
Audit of the Company's subsidiaries pursuant to legislation	0.3	1.3	1.6	0.4	1.4	1.8
Other services supplied pursuant to legislation	0.1	–	0.1	0.1	–	0.1
Tax compliance	–	0.1	0.1	–	0.1	0.1
Tax advisory	0.1	0.3	0.4	0.2	0.1	0.3
Pre-acquisition due diligence	–	0.5	0.5	–	0.6	0.6
Total remuneration	0.8	2.2	3.0	1.0	2.2	3.2

Management believes that given the Group's auditor's detailed knowledge of the Group's operations, its structure and accounting policies and the importance of carrying out tax services and detailed pre-acquisition due diligence, it is often appropriate for this additional work to be undertaken by the Group's auditor rather than another firm of accountants.

The Audit Committee, which consists entirely of independent non-executive directors, reviews and approves the level and type of non-audit work which the auditor performs, including the fees paid for such work, to ensure that the auditor's objectivity and independence are not compromised. Further information is set out in the Audit Committee section of the Corporate governance report on pages 36 and 37.

5 FINANCE INCOME/(COST)

	2011 £m	2010 £m
Interest on deposits	1.8	1.3
Interest income from foreign exchange contracts	1.0	1.1
Expected return on pension scheme assets	18.3	16.8
Other finance income	0.7	1.1
Finance income	21.8	20.3
Interest on loans and overdrafts	(32.6)	(31.9)
Interest expense from foreign exchange contracts	(1.4)	(2.0)
Interest charge on pension scheme liabilities	(16.4)	(16.3)
Fair value gain on US dollar bonds in a hedge relationship	5.9	0.8
Fair value loss on interest rate swaps in a hedge relationship	(5.9)	(0.8)
Foreign exchange (loss)/gain on intercompany funding	(12.9)	17.9
Foreign exchange gain/(loss) on external debt not in a hedge relationship	12.7	(18.0)
Other finance expense	(0.8)	(0.5)
Finance cost	(51.4)	(50.8)

The foreign exchange (loss)/gain on intercompany funding arises as a result of foreign currency intercompany loans and deposits. This is substantially matched by external debt to minimise this foreign currency exposure in the income statement.

NOTES CONTINUED

6 INCOME TAX

	2011 £m	2010 £m
Current tax on profit		
current year	82.5	68.5
prior years	(12.1)	(3.9)
double tax relief	(0.4)	(0.2)
	70.0	64.4
Deferred tax on profit		
current year	2.5	6.7
prior years	(2.6)	(4.9)
	(0.1)	1.8
Income tax on profit	69.9	66.2

In assessing the underlying performance of the Group, management uses adjusted profit which excludes intangible amortisation, acquisition related costs and the loss on disposal of business. Similarly the tax effect of these items are excluded in monitoring the tax rate on the adjusted profit of the Group which is shown in the table below:

	2011 £m	2010 £m
Income tax on profit	69.9	66.2
Tax associated with intangible amortisation, acquisition related costs and disposal of business	14.3	13.9
Tax on adjusted profit	84.2	80.1
Profit before income tax	193.7	225.2
Intangible amortisation, acquisition related costs and disposal of business	112.4	51.0
Adjusted profit before income tax	306.1	276.2
Reported tax rate	36.1%	29.4%
Tax rate on adjusted profit	27.5%	29.0%

	Gross 2011 £m	Tax credit/ (charge) 2011 £m	Net 2011 £m	Gross 2010 £m	Tax credit/ (charge) 2010 £m	Net 2010 £m
Tax on other comprehensive income and equity						
Actuarial loss on pension schemes	(35.5)	11.4	(24.1)	(2.5)	1.1	(1.4)
Foreign currency translation differences for foreign operations	(10.7)	–	(10.7)	1.1	–	1.1
(Loss)/gain taken to equity as a result of designated effective net investment hedges	(9.5)	–	(9.5)	2.3	1.4	3.7
Gain/(loss) recognised in cash flow hedge reserve	0.8	(0.2)	0.6	0.4	(0.1)	0.3
Movement from cash flow hedge reserve to income statement	0.6	(0.2)	0.4	1.4	(0.4)	1.0
Other comprehensive (expense)/income	(54.3)	11.0	(43.3)	2.7	2.0	4.7
Dividends	(68.9)	–	(68.9)	(66.1)	–	(66.1)
Issue of share capital	3.0	–	3.0	2.5	–	2.5
Employee trust shares	(14.3)	–	(14.3)	13.5	–	13.5
Share based payments	5.3	4.7	10.0	7.7	1.0	8.7
Other comprehensive (expense)/income and equity	(129.2)	15.7	(113.5)	(39.7)	3.0	(36.7)

6 INCOME TAX CONTINUED

Factors affecting tax charge for the year

The Group operates in many countries and is subject to income tax in many different jurisdictions. The expected tax rate is calculated as a weighted average of the tax rates in the tax jurisdictions in which the Group operates. The adjustments to the tax charge at the weighted average rate to determine the income tax on profit are as follows:

	2011 £m	2010 £m
Profit before income tax	193.7	225.2
Tax charge at weighted average rate (2011: 36.3%; 2010: 34.0%)	70.4	76.5
Effects of:		
loss on disposal not deductible	14.8	–
adjustment in respect of prior years	(14.7)	(8.8)
non-taxable items	(2.1)	(2.0)
other	1.5	0.5
Income tax on profit	69.9	66.2
Deferred tax in the income statement	2011 £m	2010 £m
Accelerated capital allowances	1.9	0.2
Pension liabilities	3.2	3.0
Intangible assets	(12.4)	(13.4)
Share based payments	(1.0)	(0.2)
Provisions	6.4	0.7
Other	1.8	11.5
Deferred tax on profit	(0.1)	1.8

UK tax rate change

Following the enactment of legislation in the UK to reduce the corporation tax rate to 25% from 1 April 2012, the UK deferred tax balances were reduced from 27% to 25%. This increased the tax expense for the year by £0.9m. Proposed future reductions in the UK tax rate to 23% will be reflected in the consolidated financial statements when the relevant legislation is substantively enacted.

7 EARNINGS PER SHARE

	2011 £m	2010 £m
Profit for the year	123.8	159.0
Adjustment	98.1	37.1
Adjusted profit*	221.9	196.1
Basic weighted average ordinary shares in issue (million)	324.0	323.7
Dilutive effect of employee share plans (million)	1.9	2.2
Diluted weighted average ordinary shares (million)	325.9	325.9
Basic earnings per share	38.2p	49.1p
Adjustment	30.3p	11.5p
Adjusted earnings per share*	68.5p	60.6p
Diluted basic earnings per share	38.0p	48.8p
Adjustment	30.1p	11.4p
Adjusted diluted earnings per share*	68.1p	60.2p

*Adjusted profit, adjusted earnings per share and adjusted diluted earnings per share exclude the charge for intangible amortisation, acquisition related costs and the respective associated tax and the loss on disposal of business. The intangible amortisation and associated tax and the loss on disposal of business are non-cash charges which are not taken into account by management when assessing the underlying performance of the business. Similarly, the acquisition related costs and associated tax do not relate to the underlying performance of the business. Accordingly, such charges are removed in calculating the adjusted earnings per share on which management assesses the performance of the Group.

NOTES CONTINUED

8 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
2011				
Cost				
Beginning of year	74.7	102.8	95.9	273.4
Acquisitions	0.6	2.3	1.7	4.6
Disposal of business	(1.2)	(17.3)	(2.5)	(21.0)
Additions	1.6	10.3	10.7	22.6
Disposals	(1.6)	(2.7)	(2.3)	(6.6)
Currency translation	0.4	(0.1)	(0.2)	0.1
End of year	74.5	95.3	103.3	273.1
Depreciation				
Beginning of year	23.1	62.5	69.7	155.3
Charge in year	3.0	9.7	12.7	25.4
Disposal of business	(1.0)	(7.9)	(3.2)	(12.1)
Disposals	(0.9)	(2.0)	(2.1)	(5.0)
Currency translation	(0.1)	1.2	(0.6)	0.5
End of year	24.1	63.5	76.5	164.1
Net book value at 31 December 2011	50.4	31.8	26.8	109.0
	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
2010				
Cost				
Beginning of year	61.7	91.4	85.6	238.7
Acquisitions	12.0	4.5	1.4	17.9
Additions	1.3	11.4	10.7	23.4
Disposals	(0.4)	(6.3)	(2.7)	(9.4)
Currency translation	0.1	1.8	0.9	2.8
End of year	74.7	102.8	95.9	273.4
Depreciation				
Beginning of year	20.2	56.1	59.6	135.9
Charge in year	3.0	10.8	11.7	25.5
Disposals	(0.1)	(4.6)	(2.7)	(7.4)
Currency translation	–	0.2	1.1	1.3
End of year	23.1	62.5	69.7	155.3
Net book value at 31 December 2010	51.6	40.3	26.2	118.1
Net book value at 1 January 2010	41.5	35.3	26.0	102.8

The net book value of property, plant and equipment includes assets held under finance leases and hire purchase contracts totalling £9.2m (2010: £9.9m). Accumulated depreciation of these assets was £4.4m (2010: £5.1m). Future capital expenditure at 31 December 2011 consisted of commitments not provided for of £2.5m (2010: £0.9m).

9 INTANGIBLE ASSETS

	2011 £m	2010 £m
Goodwill		
Beginning of year	789.0	749.4
Acquisitions	50.4	34.5
Disposal of business	(44.8)	–
Currency translation	(10.0)	5.1
End of year	784.6	789.0
Customer relationships		
Cost		
Beginning of year	661.0	610.9
Acquisitions	100.4	51.5
Disposal of business	(35.7)	–
Currency translation	(17.8)	(1.4)
End of year	707.9	661.0
Amortisation		
Beginning of year	205.4	163.7
Charge in year	46.5	43.5
Disposal of business	(9.3)	–
Currency translation	(6.9)	(1.8)
End of year	235.7	205.4
Net book value at 31 December	472.2	455.6
Total net book value of intangible assets at 31 December	1,256.8	1,244.6

Both goodwill and customer relationships have been acquired as part of business combinations. Customer relationships are amortised over their estimated useful lives which range from 10 to 19 years.

Impairment tests

The carrying amount of goodwill is allocated across cash generating units ('CGUs').

A description of the Group's principal activities is set out in the Directors' report on page 31. There is no significant difference in the nature of activities across different geographies. The identification of CGUs reflects the way in which the business is managed on a geographical basis. 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 to sell. 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 being the maximum period over which detailed future cash flows for each CGU are prepared. For periods after this five year period, the methodology applies a long term growth rate 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, achievability of future margins, any significant changes to the customer base and the discount rate 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 provides a long term growth rate which is consistent with the geographic segments in which the Group operates and management's assessment of future operating performance and market share movements. The growth rate has been calculated based principally on current inflation rates of the relevant economies.

At 31 December 2011 North America, France Hygiene and UK Hospitality carried a significant amount of goodwill in comparison with the total value of the Group's goodwill. At 31 December 2011 the carrying value of goodwill in respect of North America was £191.7m (2010: £186.7m), France Hygiene was £82.2m (2010: £84.3m) and UK Hospitality was £60.1m (2010: £104.9m). At 31 December 2011 the aggregate amount of goodwill attributable to the Group's CGUs, excluding North America, France Hygiene and UK Hospitality, was £450.6m (2010: £413.1m). The remaining goodwill relates to CGUs which are not individually significant.

For North America, France Hygiene and UK Hospitality the weighted average growth rate used in 2011 was 2.5% (2010: 2.5%). A discount rate of 7% (2010: 8%) has been applied to the value in use calculations representing a pre-tax rate 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 countries (with discount rates ranging from 6%–16%).

NOTES CONTINUED

9 INTANGIBLE ASSETS CONTINUED

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, the discount rates selected and expected long term growth rates. A key assumption on which value in use calculations are dependent relates to the underlying customer base. This assumption is sensitive to customer attrition and the rate at which new customer relationships are introduced and established.

Based on past experience and taking into account current market conditions, management has concluded that it is reasonable to assume that there will be no material deterioration in the customer base over the projection period which will significantly impact future cash flows and that no reasonably possible change in key assumptions would result in impairment in any of the Group's CGUs. Should such a change occur, this would represent a triggering event to indicate that an impairment review may be necessary. In accordance with IAS 36 'Impairment of Assets', a full impairment review would then be undertaken on the relevant assets within the CGU. Any such changes are monitored through normal monthly procedures.

10 INVENTORIES

	2011 £m	2010 £m
Goods for resale	528.6	482.0

£4.0m was written off inventories during the year (2010: £1.8m) due to obsolescence or damage. The inventories provision at 31 December 2011 was £52.8m (2010: £49.8m).

11 TRADE AND OTHER RECEIVABLES

	2011 £m	2010 £m
Trade receivables	609.8	572.2
Prepayments and other receivables	128.8	118.6
	738.6	690.8

The ageing of trade receivables at 31 December was:

	Gross 2011 £m	Provision 2011 £m	Gross 2010 £m	Provision 2010 £m
Current	480.4	3.7	440.4	1.6
0-30 days overdue	110.4	0.3	110.8	0.2
31-90 days overdue	23.7	0.7	24.0	1.2
Over 90 days overdue	9.1	9.1	12.6	12.6
	623.6	13.8	587.8	15.6

The movement in the provision for doubtful debts in respect of trade receivables during the year was as follows:

	2011 £m	2010 £m
Beginning of year	15.6	18.4
Acquisitions	1.4	0.7
Disposal of business	(1.2)	–
Charge	1.6	2.3
Utilised and unused	(3.8)	(5.5)
Currency translation	0.2	(0.3)
End of year	13.8	15.6

12 TRADE AND OTHER PAYABLES – CURRENT

	2011 £m	2010 £m
Trade payables	642.7	551.0
Other tax and social security contributions	20.3	21.9
Other payables	98.1	81.0
Accruals and deferred income	113.3	112.4
	874.4	766.3

13 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 well as the level of total shareholders' equity and the amount of dividends paid to ordinary shareholders. For the year ended 31 December 2011, the return on average operating capital employed was 57.4% (2010: 54.4%), the return on invested capital was 17.3% (2010: 16.7%), the level of total shareholders' equity at 31 December 2011 was £806.7m (2010: £796.4m) and the amount of dividends paid in the year ended 31 December 2011 was £68.9m (2010: £66.1m).

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 Group has a portfolio of competitively priced borrowing facilities to 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 and foreign currency 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.

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 is set out in the financial instruments accounting policy in Note 2.

The Group tests the effectiveness of hedges on a prospective and retrospective basis to ensure compliance with IAS 39. Methods for testing effectiveness include dollar offset, critical terms and regression analysis.

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. Additionally, compliance with debt covenants is monitored. During 2011 all covenants have been complied with.

The Group has substantial borrowing facilities available to it comprising multi-currency credit facilities from the Group's banks and US dollar and sterling bonds. At 31 December 2011, the total bonds outstanding were £585.1m (2010: £562.3m) with maturities ranging from 2013 to 2023. The bank facilities mature between 2012 and 2017. At 31 December 2011 the available bank facilities totalled £730.8m (2010: £781.5m) of which £109.3m (2010: £224.2m) was drawn down.

The undrawn committed facilities available at 31 December are as follows:

	2011 £m	2010 £m
Expiring within one year	157.5	139.0
Expiring after one year but within two years	53.2	140.0
Expiring after two years	410.8	278.3
	621.5	557.3

In addition the Group maintains overdraft and uncommitted facilities to provide short term flexibility. At 31 December 2011 loans totalling £4.0m were secured by fixed charges on property (2010: £5.4m).

NOTES CONTINUED

13 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

The contractual maturity profile of the Group's financial assets and 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 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.

The tables below also compare the fair value and carrying amounts for financial assets and liabilities:

	Fair value £m	Carrying amount £m	Total contractual cash flows £m	Within one year £m	Contractual cash inflows/outflows		
					After one year but within two years £m	After two years but within five years £m	After more than five years £m
2011							
Financial assets:							
Cash and deposits	74.2	74.2	74.2	74.2	–	–	–
Loans and receivables							
Trade receivables	609.8	609.8	609.8	609.8	–	–	–
Derivative financial instruments							
Interest rate swaps	18.4	18.4	20.6	8.4	5.3	6.0	0.9
Foreign exchange contracts for cash flow hedging	1.0	1.0	1.0	1.0	–	–	–
Foreign exchange contracts not in a hedge relationship	0.1	0.1	0.1	0.1	–	–	–
	703.5	703.5	705.7	693.5	5.3	6.0	0.9
Financial liabilities:							
Financial liabilities at amortised cost							
Bank loans	(124.3)	(124.4)	(128.8)	(37.8)	(47.9)	(43.0)	(0.1)
US dollar and sterling bonds	(478.1)	(425.2)	(574.1)	(27.2)	(27.2)	(243.7)	(276.0)
Bank overdrafts	(29.2)	(29.2)	(29.2)	(29.2)	–	–	–
Other interest bearing loans and borrowings	(0.4)	(0.4)	(0.4)	–	–	(0.4)	–
Finance lease creditors	(0.5)	(0.5)	(0.5)	(0.2)	(0.1)	(0.2)	–
Trade payables	(642.7)	(642.7)	(642.7)	(642.7)	–	–	–
Other current payables	(110.5)	(110.5)	(110.5)	(110.5)	–	–	–
Non-current payables	(15.2)	(15.2)	(15.2)	–	(15.2)	–	–
Financial liabilities at fair value							
US dollar bonds	(158.0)	(159.9)	(164.1)	(7.9)	(156.2)	–	–
Derivative financial instruments							
Cross currency interest rate swaps	(7.1)	(7.1)	(6.2)	(0.5)	(0.5)	(5.2)	–
Foreign exchange contracts for net investment hedging	(1.1)	(1.1)	(1.1)	(1.1)	–	–	–
	(1,567.1)	(1,516.2)	(1,672.8)	(857.1)	(247.1)	(292.5)	(276.1)

13 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

	Fair value £m	Carrying amount £m	Total contractual cash flows £m	Within one year £m	Contractual cash inflows/(outflows)		
					After one year but within two years £m	After two years but within five years £m	After more than five years £m
2010							
Financial assets:							
Cash and deposits	83.9	83.9	83.9	83.9	–	–	–
Loans and receivables							
Trade receivables	572.2	572.2	572.2	572.2	–	–	–
Derivative financial instruments							
Interest rate swaps	26.0	26.0	32.0	11.1	8.7	9.9	2.3
Interest rate caps	0.2	0.2	–	–	–	–	–
	682.3	682.3	688.1	667.2	8.7	9.9	2.3
Financial liabilities:							
Financial liabilities at amortised cost							
Bank loans	(245.5)	(245.6)	(249.7)	(73.0)	(125.8)	(50.9)	–
US dollar and sterling bonds	(385.7)	(347.4)	(517.5)	50.0	(26.8)	(141.4)	(399.3)
Bank overdrafts	(9.0)	(9.0)	(9.0)	(9.0)	–	–	–
Other interest bearing loans and borrowings	(0.4)	(0.4)	(0.4)	–	–	(0.4)	–
Finance lease creditors	(0.6)	(0.6)	(0.6)	(0.3)	(0.2)	(0.1)	–
Trade payables	(551.0)	(551.0)	(551.0)	(551.0)	–	–	–
Other current payables	(95.7)	(95.7)	(95.7)	(95.7)	–	–	–
Non-current payables	(4.7)	(4.7)	(4.7)	–	(4.7)	–	–
Financial liabilities at fair value							
US dollar bonds	(210.7)	(214.9)	(223.6)	(61.6)	(7.8)	(154.2)	–
Derivative financial instruments							
Cross currency interest rate swaps	(8.0)	(8.0)	(8.7)	0.5	(0.7)	(8.5)	–
Foreign exchange contracts for net investment hedging	(2.9)	(2.9)	(2.9)	(2.9)	–	–	–
Foreign exchange contracts for cash flow hedging	(0.6)	(0.6)	(0.6)	(0.6)	–	–	–
	(1,514.8)	(1,480.8)	(1,664.4)	(743.6)	(166.0)	(355.5)	(399.3)

All financial assets and liabilities stated at fair value in the tables above have carrying amounts where the fair value component is 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 US dollar bonds, included within financial assets and liabilities stated at fair value, have a carrying amount of £159.9m (2010: £214.9m) which includes a fair value measurement related to the risk being hedged. The tables above also disclose the fair value of these bonds including all other components of £158.0m (2010: £210.7m).

Fair value gains and losses on interest rate caps impact the income statement immediately while all other financial assets and liabilities stated at fair value are in hedging relationships.

NOTES CONTINUED

13 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk

The Group is funded by a mixture of fixed and floating rate debt. In addition, interest rate swaps and interest rate caps are used to manage the interest rate risk profile. At 31 December 2011 fixed rate debt of £425.2m (2010: £347.4m) related to fixed rate US dollar and sterling bonds stated at amortised cost with maturities ranging from 2014 to 2023.

At 31 December 2011 floating rate debt comprised £109.3m of floating rate bank loans (2010: £245.6m) and £159.9m of fixed rate US dollar bonds which have been swapped to floating rates using interest rate swaps (2010: £214.9m). Bank loans are drawn for various periods of up to three months at interest rates linked to LIBOR. The interest rate swaps reprice every three or six months. These interest rate swaps are in fair value hedge relationships with the market risk of the US dollar bonds. These hedges were effective during the year and have therefore had no net impact on the income statement.

The interest rate risk on the floating rate debt is managed using interest rate options. Borrowings with a notional principal of £266.7m were capped at 31 December 2011 (2010: £301.0m). 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 sterling, US dollar and euro LIBOR repricing every three months.

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

	Impact on profit before tax		Impact on equity	
	+1% £m	-1% £m	+1% £m	-1% £m
2011	(0.1)	0.3	(0.1)	0.3
2010	0.4	0.2	0.4	0.2

Foreign currency risk

The principal underlying currencies of the Group's earnings are sterling, US dollars and euros. 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	
	2011	2010	2011	2010
US dollar	1.60	1.55	1.55	1.57
Euro	1.15	1.17	1.20	1.17

For the year ended 31 December 2011, a movement of one cent in the US dollar and euro average exchange rates would have changed profit before tax by £0.8m and £0.3m respectively and profit before tax, intangible amortisation, acquisition related costs and disposal of business by £0.8m and £0.6m respectively.

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 significant exposures of firm commitments for a period of up to one year as soon as they are committed using forward foreign exchange contracts and these are designated as cash flow hedges. 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 on to customers the resulting price increases. For the year ended 31 December 2011 all foreign exchange cash flow hedges were effective with a £1.0m gain recognised in equity (2010: loss of £0.6m) which will affect the income statement during 2012.

The majority of the Group's borrowings are effectively denominated in sterling, US dollars and euros, aligning them to the respective functional currencies of its operating profit before depreciation, intangible amortisation and acquisition related costs ('EBITDA'). This currency profile is achieved using short term foreign exchange contracts, long term cross currency interest rate swaps and foreign currency debt. This currency composition minimises the impact of foreign exchange rates on the ratio of net debt to EBITDA.

Cross currency interest rate swaps in a cash flow hedge relationship were effective during the year, with a loss of £1.4m (2010: £1.2m) being recognised in equity which will affect the income statement from 2012 to 2015.

13 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

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

	2011 £m	2010 £m
Sterling	179.6	209.9
US dollar	305.1	350.3
Euro	135.5	140.8
Other	32.7	15.8
	652.9	716.8

If a 10% strengthening or weakening of sterling had taken place on 31 December it would have increased/(decreased) profit before tax and 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 tax since equity is translated using the closing exchange rates and profit before 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 tax to a movement in exchange rates on 31 December and the resulting movement in profit before tax is due solely to the translation effect on monetary items. This analysis assumes that all other variables, and in particular interest rates, remain constant.

	Impact on profit before tax		Impact on equity	
	+10% £m	-10% £m	+10% £m	-10% £m
2011	0.4	(0.5)	(56.2)	68.7
2010	0.3	(0.3)	(51.8)	57.0

Credit risk

Credit risk is the risk of loss in relation to a financial asset due to non-payment by the 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 principal financial assets are cash and deposits, 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 and deposits (Note 23), derivative financial instruments (see above) and trade and other receivables (Note 11) is their carrying amount.

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 allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. Note 11 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.

14 PROVISIONS

	2011 £m	2010 £m
Current	9.2	8.6
Non-current	39.2	35.5
	48.4	44.1

	Properties 2011 £m	Claims 2011 £m	Total 2011 £m	Properties 2010 £m	Claims 2010 £m	Total 2010 £m
Beginning of year	21.6	22.5	44.1	26.3	24.7	51.0
Charge	1.0	11.2	12.2	0.8	1.2	2.0
Acquisitions	0.6	3.1	3.7	0.5	2.6	3.1
Disposal of business	(0.6)	–	(0.6)	–	–	–
Utilised and released	(3.4)	(7.1)	(10.5)	(6.0)	(5.4)	(11.4)
Currency translation	–	(0.5)	(0.5)	–	(0.6)	(0.6)
End of year	19.2	29.2	48.4	21.6	22.5	44.1

The properties provision includes vacant properties where amounts are held against liabilities for onerous lease commitments, repairs and dilapidations. These provisions cover the relevant periods of the lease agreements, up to the earliest possible termination date, which typically extend from one to 10 years.

NOTES CONTINUED

14 PROVISIONS CONTINUED

The Group has provisions for expected legal, environmental and other claims based on management's best estimate at the balance sheet date of the probable loss likely to be incurred. It expects that these amounts, which are based on detailed plans or other known factors and take account of past experience for similar items, will be settled within the next one to five years.

The Group is a defendant in a number of legal proceedings incidental to its operations. While any litigation has an element of uncertainty, management does not expect that the outcome of such proceedings, either individually or in the aggregate, will have a material adverse effect on the Group's financial condition or results of operations.

15 DEFERRED TAX

	2011			2010		
	Asset £m	Liability £m	Net £m	Asset £m	Liability £m	Net £m
Accelerated capital allowances	1.7	(8.2)	(6.5)	4.2	(5.9)	(1.7)
Pension liabilities	23.4	–	23.4	16.2	–	16.2
Intangible assets	–	(144.3)	(144.3)	–	(135.4)	(135.4)
Share based payments	8.4	–	8.4	5.0	–	5.0
Provisions	7.7	(1.3)	6.4	9.4	–	9.4
Inventories	8.7	(15.6)	(6.9)	5.1	(10.0)	(4.9)
Other	10.7	(4.7)	6.0	12.8	(10.9)	1.9
Deferred tax asset/(liability)	60.6	(174.1)	(113.5)	52.7	(162.2)	(109.5)
Set-off of tax	(47.4)	47.4	–	(46.8)	46.8	–
Net deferred tax asset/(liability)	13.2	(126.7)	(113.5)	5.9	(115.4)	(109.5)

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. Deferred tax of £1.9m (2010: £1.4m) has been recognised in the exceptional case where distribution of earnings is both planned and expected to result in a tax liability.

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 £5.3m (2010: £7.0m). The unutilised tax losses may be carried forward indefinitely.

No deferred tax has been recognised in respect of unutilised capital losses of £95.8m (2010: £95.9m) as it is not considered probable that there will be suitable future taxable profits against which they can be utilised.

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

	2011 £m	2010 £m
Beginning of year	109.5	97.1
Acquisitions	22.3	11.9
Disposal of business	(3.4)	–
(Credit)/charge to income statement	(0.1)	1.8
Recognised in other comprehensive income and equity	(14.2)	(3.0)
Other	–	(0.4)
Currency translation	(0.6)	2.1
End of year	113.5	109.5

16 SHARE CAPITAL AND SHARE BASED PAYMENTS

	2011 £m	2010 £m
Issued and fully paid ordinary shares of 32½p each	113.8	113.3
Number of ordinary shares in issue and fully paid		
Beginning of year	352,520,158	351,509,328
Issued – scrip dividend	925,544	498,486
– option exercises	529,378	512,344
End of year	353,975,080	352,520,158

The Company operates the following share plans for the benefit of employees of the Company and its subsidiaries relating to the acquisition of shares in the Company. Further details of the share plans operated by the Company are set out in the Directors' remuneration report.

Sharesave Scheme (2011)

The Sharesave Scheme (2011), approved by shareholders at the 2011 Annual General Meeting, is approved by HM Revenue & Customs in the UK and is open to all UK employees, including UK based executive directors, who have completed at least three months of continuous service. It is linked to a contract for monthly savings of up to £250 per month over a period of either three or five years. Under the Sharesave Scheme (2011) options are granted to participating employees at a discount of up to 20% of the market price prevailing shortly before the invitation to apply for the option. Options are normally exercisable either three or five years after they have been granted. As at 31 December 2011 no options had been granted under the Sharesave Scheme (2011).

The Sharesave Scheme (2011) replaces the Sharesave Scheme (2001) which was approved by shareholders at the 2001 Annual General Meeting. The Sharesave Scheme (2001) operates on a similar basis to the Sharesave Scheme (2011). Although there are a number of options outstanding under the Sharesave Scheme (2001), no further options have been granted under this Scheme since it expired in May 2011.

International Sharesave Plan

The International Sharesave Plan was introduced following the approval of the Sharesave Scheme (2001) by shareholders and was extended following the approval of the Sharesave Scheme (2011). The plan operates on a similar basis to both the Sharesave Scheme (2001) and the Sharesave Scheme (2011) except that it is linked to a contract for monthly savings of approximately £250 per month (or equivalent in other currencies) over a period of three years.

Irish Sharesave Plan

The Irish Sharesave Plan was also introduced following the approval of the Sharesave Scheme (2001) by shareholders and was extended following the approval of the Sharesave Scheme (2011). It is approved by the Irish Revenue Commissioners and operates on a similar basis to both the Sharesave Scheme (2001) and the Sharesave Scheme (2011) as described above except that it is linked to a contract for monthly savings of the euro equivalent of approximately £250 per month over a period of three years.

1994 Executive Share Option Scheme ('1994 Scheme')

The 1994 Scheme was approved by shareholders at the 1994 Annual General Meeting. No further options have been granted under the 1994 Scheme since it expired in May 2004. A performance condition, based on the Company's adjusted earnings per share growth relative to UK RPI inflation over three years, had to be satisfied before options would normally be exercisable. All such performance conditions relating to options granted under the 1994 Scheme have been satisfied. Prior to 25 August 2010 all options granted under the 1994 Scheme to US resident participants (with the exception of Patrick Larmon) were settled in cash (rather than through the delivery of shares) based upon the market value of the Company's ordinary shares at the time the relevant options were exercised. With effect from such date, all such cash settled options were converted to equity settled options.

Long Term Incentive Plan ('LTIP')

The LTIP was approved by shareholders at the 2004 Annual General Meeting and replaced the 1994 Scheme. The LTIP is divided into two parts.

Part A allows the Board to grant share options. In normal circumstances options granted are only exercisable if the relevant performance condition has been satisfied. Share options granted to date have a performance condition attached based on the Company's adjusted earnings per share growth relative to UK RPI inflation over three years. Prior to 25 August 2010 all options granted under Part A of the LTIP to US resident participants (with the exception of Patrick Larmon) were settled in cash (rather than through the delivery of shares) based upon the market value of the Company's ordinary shares at the time the relevant options were exercised. With effect from such date, all such cash settled options were converted to equity settled options.

NOTES CONTINUED

16 SHARE CAPITAL AND SHARE BASED PAYMENTS CONTINUED

Part B of the LTIP allows the Board to award performance shares which is a conditional right to receive shares in the Company for nil consideration. A performance share award will normally vest (i.e. become exercisable) on the third anniversary of its grant to the extent that the applicable performance condition has been satisfied. The extent to which performance share awards granted prior to 2007 vested was subject to the Company's total shareholder return ('TSR') performance over a three year period relative to the TSR performance of a specified peer group of companies. The extent to which performance share awards granted thereafter have vested or will in future vest is normally partly subject to the Company's TSR performance and partly subject to the Company's adjusted earnings per share growth relative to UK RPI inflation over three years.

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 relating to options granted and awards made in respect of market purchase shares under the 1994 Scheme, the LTIP and the Deferred Annual Share Bonus Scheme ('DASBS'). Details of such 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 costs and administration charges are included in the income statement on an accruals basis. At 31 December 2011 the trust held 5,230,867 (2010: 3,995,293) shares, upon which dividends have been waived, with an aggregate nominal value of £1.7m (2010: £1.3m) and market value of £46.2m (2010: £28.7m). At 31 December 2011, 23,325,000 (2010: 23,325,000) shares with an aggregate nominal value of £7.5m (2010: £7.5m) and market value of £206.2m (2010: £167.7m) were held in treasury.

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:

	2011	2010
Grant date	03.03.11–11.10.11	25.02.10–08.10.10
Share price at grant date (£)	7.03–7.91	6.69–7.61
Exercise price (£)	nil–8.13	nil–7.57
Options granted during the year (shares)	4,247,408	4,273,366
Vesting period (years)	3–5	3–5
Expected volatility (%)	21–24	21–25
Option life (years)	3–10	3–10
Expected life (years)	3.0–6.5	3.0–6.5
Risk free rate of return (%)	0.9–2.9	0.9–3.1
Expected dividends expressed as a dividend yield (%)	3.1–3.3	2.8–3.2
Fair value per option (£)	0.62–3.08	0.59–2.78

The expected volatility is based on historical volatility over the last three to five 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 £7.95 (2010: £7.42). The total charge for the year relating to share based payments was £5.3m (2010: £4.1m), comprising a charge of £5.3m relating to equity settled options (2010: £3.4m) and £nil relating to cash settled options (2010: £0.7m). After tax the total charge was £3.1m (2010: £2.0m).

Details of share options and awards which have been granted and exercised, those which have lapsed during 2011 and those outstanding and available to exercise at 31 December 2011, in each case in respect of all options and awards, whether over new issue or market purchase shares, under the Sharesave Scheme (2001), International Sharesave Plan, Irish Sharesave Plan, 1994 Scheme and LTIP Part A and Part B are set out in the following table:

	Options outstanding at 01.01.11	Grants/awards			Exercises	Lapses*		Options outstanding at 31.12.11	Options available to exercise at 31.12.11
	Number	Number	Price (p)	Number	Price (p)	Number	Number	Price (p)	Number
Sharesave Scheme	1,110,304	266,850	580	228,723	437–580	172,349	976,082	452–580	129,719
International Sharesave Plan	142,332	6,106	580	15,673	452–578	16,454	116,311	452–580	–
Irish Sharesave Plan	37,634	–	–	1,568	578	7,615	28,451	452–580	588
1994 Scheme	640,000	–	–	319,500	372–482	–	320,500	372–461	320,500
LTIP Part A	14,358,782	3,294,850	712–813	2,198,989	429–746	336,329	15,118,314	429–813	5,835,939
LTIP Part B	2,032,269	679,602	nil	277,939	nil	352,811	2,081,121	nil	–
	18,321,321	4,247,408		3,042,392		885,558	18,640,779		6,286,746

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

16 SHARE CAPITAL AND SHARE BASED PAYMENTS CONTINUED

	Weighted average fair value of options granted (£)	Weighted average remaining contractual life (years)
Sharesave Scheme	0.90	2.69
International Sharesave Plan	0.64	2.26
LTIP Part A	0.66	2.65
LTIP Part B	2.85	2.52

The outstanding options and awards are exercisable at various dates up to September 2021.

17 DIVIDENDS

	2011 £m	2010 £m
2009 interim		21.4
2009 final		48.2
2010 interim	23.2	
2010 final	52.3	
Total	75.5	69.6

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

	2011	2010
	Per share	
Interim	8.05p	7.15p
Final	18.30p	16.20p
Total	26.35p	23.35p

The 2011 interim dividend of 8.05p per share was paid on 3 January 2012 and comprised £26.1m of cash. The 2011 final dividend of 18.30p per share will be paid on 2 July 2012 to shareholders on the register at the close of business on 11 May 2012.

18 CONTINGENT LIABILITIES

	2011 £m	2010 £m
Bank guarantees	0.2	0.2

19 DIRECTORS' ORDINARY SHARE INTERESTS

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

	2011	2010
Philip Rogerson	10,000	10,000
Michael Roney	289,375	238,888
Ulrich Wolters	5,000	5,000
Patrick Larmon	109,381	95,528
Peter Johnson	6,630	5,188
Brian May	105,240	100,610
David Sleath	4,000	4,000
Eugenia Ulasewicz	4,000	
	533,626	459,214

Details of directors' options over ordinary shares and awards made under the LTIP and the DASBS are set out in the Directors' remuneration report. Since 31 December 2011 Patrick Larmon has acquired interests in 833 ordinary shares as a result of his election to participate in the dividend reinvestment plan in respect of the interim dividend which was paid on 3 January 2012 and he has also acquired interests in 430 ordinary shares pursuant to the Company's US Stock Purchase Plan. No other changes to the directors' ordinary share interests shown in this Note and the Directors' remuneration report have taken place between 31 December 2011 and 27 February 2012.

NOTES CONTINUED

20 PENSIONS

The Group operates both defined benefit and defined contribution pension schemes. The funds of the principal 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. Full triennial actuarial valuations were carried out on the UK defined benefit schemes in April 2009 and annual actuarial valuations are performed on the principal US defined benefit schemes. The valuation of the UK defined benefit schemes has been updated to 31 December 2011 by the Group's 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 are stated at their bid value.

The amounts included in the consolidated financial statements in respect of the Group were:

	2011 £m	2010 £m
Amounts included in net operating expenses		
Defined contribution schemes	9.9	9.5
Defined benefit schemes		
current service cost	5.5	5.4
past service cost	–	0.1
Total operating charge	15.4	15.0
Amounts included in finance (income)/cost		
Expected return on scheme assets	(18.3)	(16.8)
Interest charge on scheme liabilities	16.4	16.3
Net financial return	(1.9)	(0.5)
Total charge	13.5	14.5
	2011 £m	2010 £m
Amounts recognised in the statement of comprehensive income		
Actual return less expected return on scheme assets	(12.6)	10.8
Experience gain on scheme liabilities	0.4	1.2
Impact of changes in assumptions relating to the present value of scheme liabilities	(23.3)	(14.5)
Actuarial loss on pension schemes	(35.5)	(2.5)

The cumulative amount of actuarial losses arising since 1 January 2004 recognised in the statement of comprehensive income at 31 December 2011 was £102.9m (2010: £67.4m).

20 PENSIONS CONTINUED

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

Europe	2011	2010
Longevity at age 65 for current pensioners (years)	21.1	21.0
Longevity at age 65 for future pensioners (years)	23.0	22.9
US		
Longevity at age 65 for current and future pensioners (years)	20.1	19.7

	Europe			US		
	2011	2010	2009	2011	2010	2009
Rate of increase in salaries	3.8%	4.2%	4.3%	3.0%	3.0%	3.0%
Rate of increase in pensions	3.0%	3.4%	3.3%	—	—	—
Discount rate	4.7%	5.4%	5.7%	5.1%	5.7%	6.1%
Inflation rate	2.3%	2.8%	3.3%	2.5%	2.5%	2.5%

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.

To develop the expected long term rate of return on assets assumption, the Group considers the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class is then weighted based on the actual asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. The market value of scheme assets and the present value of pensions obligations were:

	Europe		US		Total
	2011		2011		2011
	Long term rate of return†	Value £m	Long term rate of return	Value £m	Value £m
Equities	7.6%	136.5	8.2%	40.4	176.9
Bonds	4.4%	60.1	5.1%	30.5	90.6
Other	6.6%	0.9	8.0%	3.9	4.8
Blended rate of return on scheme assets	6.7%		7.5%		
Total market value of scheme assets		197.5		74.8	272.3
Present value of funded obligations		(229.6)		(102.3)	(331.9)
Present value of unfunded obligations		(4.3)		(10.5)	(14.8)
Present value of funded and unfunded obligations		(233.9)		(112.8)	(346.7)
Unrecognised past service cost		—		0.1	0.1
Deficit		(36.4)		(37.9)	(74.3)
Deferred tax		9.4		14.0	23.4
Net deficit		(27.0)		(23.9)	(50.9)

†Long term rate of return is based on the weighted average across all European defined benefit pension schemes.

NOTES CONTINUED

20 PENSIONS CONTINUED

	Europe		US		Total
	2010		2010		2010
	Long term rate of return†	Value £m	Long term rate of return	Value £m	Value £m
Equities	7.7%	121.8	8.2%	40.5	162.3
Bonds	5.3%	64.9	5.1%	26.1	91.0
Other	4.1%	0.4	8.0%	4.3	4.7
Blended rate of return on scheme assets	6.8%		7.4%		
Total market value of scheme assets		187.1		70.9	258.0
Present value of funded obligations		(209.8)		(86.5)	(296.3)
Present value of unfunded obligations		(4.7)		(9.5)	(14.2)
Present value of funded and unfunded obligations		(214.5)		(96.0)	(310.5)
Unrecognised past service cost		–		0.2	0.2
Deficit		(27.4)		(24.9)	(52.3)
Deferred tax		7.5		8.7	16.2
Net deficit		(19.9)		(16.2)	(36.1)

†Long term rate of return is based on the weighted average across all European defined benefit pension schemes.

	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Five year summary					
Total market value of scheme assets	272.3	258.0	223.1	202.3	229.9
Present value of funded and unfunded obligations	(346.7)	(310.5)	(283.1)	(253.0)	(243.4)
Unrecognised past service cost	0.1	0.2	0.2	0.3	0.3
Pension schemes' minimum funding liabilities				(5.5)	(18.1)
Deficit	(74.3)	(52.3)	(59.8)	(55.9)	(31.3)
Experience adjustments arising on scheme liabilities	0.4	1.2	1.2	2.2	0.4

	2011 £m	2010 £m
Movement in deficit		
Beginning of year	(52.3)	(59.8)
Current service cost	(5.5)	(5.4)
Past service cost	–	(0.1)
Contributions	17.2	15.2
Net financial return	1.9	0.5
Actuarial loss	(35.5)	(2.5)
Curtailment gain	0.4	–
Currency translation	(0.5)	(0.2)
End of year	(74.3)	(52.3)

20 PENSIONS CONTINUED

	2011 £m	2010 £m
Changes in the present value of defined benefit obligations		
Beginning of year	310.5	283.1
Current service cost	5.5	5.4
Past service cost	–	0.1
Interest charge on scheme liabilities	16.4	16.3
Contributions by employees	1.0	1.0
Actuarial loss	22.9	13.3
Benefits paid	(10.5)	(9.8)
Curtailment gain	(0.4)	–
Currency translation	1.3	1.1
End of year	346.7	310.5
Changes in the fair value of scheme assets		
	£m	£m
Beginning of year	258.0	223.1
Expected return on scheme assets	18.3	16.8
Actuarial (loss)/gain	(12.6)	10.8
Contributions by employer	17.2	15.2
Contributions by employees	1.0	1.0
Benefits paid	(10.5)	(9.8)
Currency translation	0.9	0.9
End of year	272.3	258.0

The calculation of expected return on scheme assets is determined with reference to market expectations in conjunction with the relevant scheme's actuaries.

The actual return on scheme assets was £5.7m (2010: £27.6m).

The Group expects to pay approximately £13.8m in contributions to the defined benefit pension schemes in the year ending 31 December 2012.

21 DIRECTORS AND EMPLOYEES

Average number of employees	2011	2010
North America	3,519	3,468
Continental Europe	3,406	3,252
UK & Ireland	3,934	4,742
Rest of the World	1,047	854
	11,906	12,316
Corporate	50	52
	11,956	12,368
Employee costs	2011 £m	2010 £m
Wages and salaries	413.6	396.4
Social security costs	52.6	48.5
Share based payments	5.3	4.7
Pension costs	15.4	15.0
	486.9	464.6

NOTES CONTINUED

21 DIRECTORS AND EMPLOYEES CONTINUED

Key management remuneration	2011 £m	2010 £m
Salaries and short term employee benefits	5.7	5.1
Share based payments	1.9	1.4
Post employment benefits	1.0	0.9
	8.6	7.4

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. The amounts disclosed are calculated on the same bases as those used to determine the relevant amounts disclosed in the Directors' remuneration report.

Directors' emoluments	2011 £m	2010 £m
Non-executive directors	0.6	0.6
Executive directors:		
remuneration excluding performance related elements	2.3	2.2
annual cash bonus	1.0	0.7
	3.9	3.5

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 £0.2m (2010: £0.4m). The aggregate market value of performance share awards exercised by directors under long term incentive schemes during the year was £0.9m (2010: £1.1m). The aggregate market value of shares exercised by directors under the DASBS was £0.6m (2010: £0.6m).

22 LEASE COMMITMENTS

The Group leases certain property, plant and equipment under non-cancellable operating lease agreements. These leases have varying terms and renewal rights. At 31 December the total future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	Land & buildings 2011 £m	Other 2011 £m	Land & buildings 2010 £m	Other 2010 £m
Within one year	51.2	20.1	48.6	25.5
Between one and five years	150.9	31.7	133.0	34.1
After five years	72.6	0.8	68.8	3.2
	274.7	52.6	250.4	62.8
Total of future minimum sublease income under non-cancellable subleases	(0.9)	–	(0.8)	–

23 CASH AND CASH EQUIVALENTS AND NET DEBT

	2011 £m	2010 £m
Cash at bank and in hand	63.6	57.4
Short term deposits repayable in less than three months	10.6	26.5
Cash and deposits	74.2	83.9
Bank overdrafts	(29.2)	(9.0)
Cash and cash equivalents	45.0	74.9
Current liabilities	(37.5)	(126.2)
Non-current liabilities	(678.8)	(691.5)
Derivative assets – fair value of interest rate swaps on fixed interest rate borrowings	18.4	26.0
Interest bearing loans and borrowings	(697.9)	(791.7)
Net debt	(652.9)	(716.8)
	2011 £m	2010 £m
Movement in net debt		
Beginning of year	(716.8)	(716.8)
Net cash inflow	63.0	9.7
Realised (losses)/gains on foreign exchange contracts	(0.2)	5.3
Currency translation	1.1	(15.0)
End of year	(652.9)	(716.8)

24 ACQUISITIONS

2011

The principal acquisitions made in the year ended 31 December 2011 were Omega, Cannon Consumables, Hospitality Depot, King Espana, SIG Safety and Workwear, Netpak, D-Care, Majestic, Ideal and Danny.

Omega, a business principally engaged in the supply of catering equipment and disposables to contract caterers, hotels and other foodservice customers in New South Wales, Australia, was acquired on 4 March 2011. Cannon Consumables, a business principally engaged in the supply of cleaning and hygiene consumable products, was acquired on 31 March 2011. Hospitality Depot, a business principally engaged in the distribution of catering equipment and supplies to hotels, restaurants and caterers as well as to aged care facilities and education establishments in New South Wales, Australia, was acquired on 6 May 2011. King Espana, a leading distributor of foodservice disposables and cleaning and hygiene supplies to the catering and cleaning sectors in Spain, was acquired on 26 May 2011. SIG Safety and Workwear, a leading distributor of personal protection equipment and workwear to a variety of market sectors throughout the UK, was acquired on 31 May 2011. Netpak, a business principally engaged in the supply of packaging supplies and equipment to a variety of sectors throughout Canada, was acquired with effect from 1 July 2011. D-Care, a business principally engaged in the distribution of medical disposable products to hospitals and other healthcare customers throughout the Netherlands, was acquired on 2 September 2011. Majestic and its associated companies, which supply personal protection equipment and safety products to customers in the Benelux, Germany and the US, was acquired on 23 September 2011. Ideal, a leading supplier of cleaning and hygiene consumable products to facilities management companies, contract cleaners and other customers in the industrial, healthcare and education sectors in Brazil, was acquired on 22 September 2011. Danny, a leading supplier of personal protection equipment throughout Brazil, specialising in the sourcing and sale of gloves and safety glasses for a variety of industrial uses including the automotive, consumer goods, food processing, petrochemical and mining sectors, was acquired on 3 November 2011.

Acquisitions have been accounted for under the acquisition method of accounting, involving the purchase of 100% of the acquiree's share capital or, as the case may be, all of the relevant assets of the businesses acquired. 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'. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. At 31 December 2011 the allocation period for all acquisitions completed since 1 January 2011 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. To date the adjustments made have impacted assets acquired to reflect more accurately the estimated realisable or settlement value. Similarly adjustments have been made to acquired liabilities to record onerous commitments or other commitments existing at the acquisition date but not recognised by the acquiree. Adjustments have also been 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 continued employment of former owners of businesses acquired. IFRS 3 requires that any such payments that are contingent on future employment 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 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.

NOTES CONTINUED

24 ACQUISITIONS CONTINUED

A summary of the effect of acquisitions completed in 2011 is detailed below:

	Book value at acquisition £m	Provisional fair value adjustments £m	Fair value of assets acquired £m
Intangible assets		100.4	100.4
Property, plant and equipment	5.4	(0.8)	4.6
Inventories	34.2	(6.8)	27.4
Trade and other receivables	32.6	(1.2)	31.4
Trade and other payables	(19.4)	(2.4)	(21.8)
Net cash	3.0		3.0
Provisions for liabilities and charges		(3.7)	(3.7)
Tax and deferred tax	(1.4)	(22.7)	(24.1)
	54.4	62.8	117.2
Goodwill			50.4
Consideration			167.6
Satisfied by:			
cash consideration			144.8
deferred consideration			22.8
			167.6
Contingent payments to former owners			15.7
Net cash acquired			(3.0)
Transaction costs and expenses			4.6
Total expected spend in respect of current year acquisitions			184.9
The net cash outflow in the year in respect of acquisitions comprised:			
Cash consideration			144.8
Net cash acquired			(3.0)
Deferred consideration in respect of prior year acquisitions			7.4
Net cash outflow in respect of acquisitions			149.2
Acquisition related costs			12.1
Total cash outflow in respect of acquisitions			161.3

Acquisitions made in the year ended 31 December 2011 contributed £89.6m to the Group's revenue and £9.4m to the Group's operating profit before intangible amortisation and acquisition related costs.

The estimated contributions of acquired businesses to the results of the Group, as if the acquisitions had been made at the beginning of the year, are as follows:

	£m
Revenue	204.3
Operating profit before intangible amortisation and acquisition related costs	24.2

2010

The principal acquisitions made in the year ended 31 December 2010 were Clean Care, Hamo, Weita, Silco, Juba, Global Net, A.M. Supply, Cool-Pak and Van't Veer Verpakkingen.

Clean Care, a business principally engaged in the supply of cleaning and hygiene consumable products in Denmark, was acquired on 15 January 2010. Hamo, a distributor of catering disposables and light catering equipment to customers in both the public and private sectors, was acquired on 12 February 2010. Weita, a supplier of cleaning and hygiene, foodservice, retail, healthcare and safety consumables products to both end users and redistributors in Switzerland, was acquired on 12 March 2010. Silco, a supplier of foodservice disposables in Israel, was acquired on 21 April 2010. Juba, a supplier of personal protection equipment to redistributors throughout Spain, was acquired on 27 May 2010. Global Net, which sells cleaning and hygiene consumables and equipment to contract cleaners, local authorities and other industrial customers throughout the Walloon region of Belgium, was acquired on 1 July 2010. A.M. Supply, which supplies personal protection equipment to the oil and petrochemical sector in the state of Rio de Janeiro in Brazil, was acquired on 26 August 2010. Cool-Pak, a leading distributor of plastic and pulp packaging to fruit and vegetable growers in the US, was acquired on 30 August 2010. Van't Veer Verpakkingen, a business supplying cleaning and hygiene and catering disposable products in the Netherlands predominantly to the healthcare sector, was acquired on 1 October 2010.

24 ACQUISITIONS CONTINUED

A summary of the effect of acquisitions completed in 2010 is detailed below:

	Book value at acquisition £m	Provisional fair value adjustments £m	Fair value of assets acquired £m
Intangible assets		51.5	51.5
Property, plant and equipment	18.3	(0.4)	17.9
Inventories	23.3	(4.4)	18.9
Trade and other receivables	26.1	(0.7)	25.4
Trade and other payables	(16.4)	(1.6)	(18.0)
Net bank overdrafts	(6.2)		(6.2)
Provisions for liabilities and charges		(3.1)	(3.1)
Tax and deferred tax	(3.0)	(13.1)	(16.1)
	42.1	28.2	70.3
Goodwill			34.5
Consideration			104.8
Satisfied by:			
cash consideration			97.2
deferred consideration			7.6
			104.8
Contingent payments to former owners			9.7
Net bank overdrafts acquired			6.2
Transaction costs and expenses			5.5
Total expected spend in respect of current year acquisitions			126.2
The net cash outflow in the year in respect of acquisitions comprised:			
Cash consideration			97.2
Net bank overdrafts acquired			6.2
Deferred consideration in respect of prior year acquisitions			1.6
Net cash outflow in respect of acquisitions			105.0
Acquisition related costs			5.6
Total cash outflow in respect of acquisitions			110.6

Acquisitions made in the year ended 31 December 2010 contributed £84.4m to the Group's revenue and £9.9m to the Group's operating profit before intangible amortisation and acquisition related costs.

The estimated contributions of acquired businesses to the results of the Group, as if the acquisitions had been made at the beginning of the year, are as follows:

	£m
Revenue	153.6
Operating profit before intangible amortisation and acquisition related costs	17.8

NOTES CONTINUED

25 DISPOSALS

During the second half of the year the Board decided that it would be an appropriate time to divest the Group's vending business, which was restricted to operations solely in the UK, as it was no longer a strategic fit within the portfolio of the Group's businesses. The vending market had changed significantly in recent years, partly due to the growth of high street coffee shops in the UK which led to reductions in vend volumes, and also as a result of the market consolidation which had taken place with two other groups emerging as clear European leaders. The Board therefore concluded that the funds which would be generated from the disposal would be better invested in the Group's core, higher return and higher growth businesses.

The disposal was completed on 26 August 2011. As a result, the net assets of the Group reduced by £56.0m representing the net loss on disposal (including associated transaction costs of £1.0m). This reflected the book value of the assets disposed (£87.0m), primarily the associated intangible assets (£26.4m) and the carrying value of allocated goodwill (£44.8m), offset by the cash consideration received of £32.0m. The loss relates to the UK & Ireland business area.

	2011 £m
Cash flow from disposal	
Cash received	32.0
Cash and cash equivalents disposed	(1.4)
Net cash inflow	30.6

26 RELATED PARTY DISCLOSURES

The Group has identified the directors of the Company, the Group pension schemes and its key management 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 20 and Note 21 respectively.

27 PRINCIPAL SUBSIDIARY UNDERTAKINGS

	Country of incorporation
Bunzl Australasia Ltd	Australia
Bunzl Do Brasil Participacoes Ltda	Brazil
Bunzl Finance plc*	England & Wales
Bunzl Holding Danmark A/S	Denmark
Bunzl Holding GmbH	Germany
Bunzl Holdings France SNC	France
Bunzl Outsourcing Services BV	Netherlands
Bunzl UK Ltd	England & Wales
Bunzl USA Holdings LLC	USA

*Direct subsidiary undertaking of Bunzl plc.

The companies named above are the principal subsidiary undertakings of Bunzl plc at 31 December 2011, which are wholly owned, and are included in the consolidated financial statements of the Group. The investments in these companies, as shown above, relate to ordinary shares, quotas or common stock. The principal country in which each company operates is the country of incorporation. The principal activities of the Group are reviewed in the Chief Executive's review. A full list of the Group's subsidiary undertakings will be annexed to the next annual return filed at Companies House.

COMPANY BALANCE SHEET

at 31 December 2011

	Notes	2011 £m	2010 £m
Fixed assets			
Tangible fixed assets	3	0.8	0.7
Investments	4	677.9	657.7
		678.7	658.4
Current assets			
Debtors	5	263.4	451.0
Cash at bank and in hand		–	0.1
		263.4	451.1
Current liabilities			
Creditors: amounts falling due within one year	6	(107.2)	(105.3)
Net current assets		156.2	345.8
Total assets less current liabilities		834.9	1,004.2
Provisions	7	(8.7)	(4.6)
Net assets		826.2	999.6
Capital and reserves			
Called up share capital	8	113.8	113.3
Share premium account	9	136.4	133.9
Other reserves	9	5.6	5.6
Capital redemption reserve	9	8.6	8.6
Profit and loss account	9	561.8	738.2
Shareholders' funds		826.2	999.6

Approved by the Board of Directors of Bunzl plc (Company registration number 358948) on 27 February 2012 and signed on its behalf by Michael Roney, Chief Executive and Brian May, Finance Director.

The Accounting policies and Notes on pages 90 to 96 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The financial statements of Bunzl plc ('the Company') have been prepared on a going concern basis and under the historical cost convention and have been prepared in accordance with the Companies Act 2006 and UK GAAP. Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company financial statements.

2 ACCOUNTING POLICIES

a Investments in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less any provision for impairment.

b 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.

c Share based payments

The Company operates equity settled share based compensation plans for which 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. The amount recognised as an expense is adjusted to reflect the number of options that are expected to vest. Details of the relevant plans are outlined in Note 16 to the consolidated financial statements. Where the Company grants options over its own shares to the employees of its subsidiaries these awards are accounted for by the Company as an additional investment in the relevant subsidiary equivalent to the equity settled share based payment charge recognised in the consolidated financial statements with the corresponding credit recognised directly in equity. Any payment made by the subsidiaries in respect of these arrangements is treated as a return of this investment. These costs are determined in accordance with FRS 20 'Share-based Payment'.

d Tangible fixed assets

Until 31 December 1999 land and buildings were revalued periodically. As permitted under FRS 15 'Tangible Fixed Assets', the valuations of land and buildings have not been and will not be updated. All other tangible fixed assets are included at historical cost, less accumulated depreciation. The profit or loss on sale of tangible fixed assets is calculated by reference to the carrying values of the assets. The carrying values of tangible fixed assets are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

e Depreciation

Depreciation is provided on a straight line basis to write off cost less estimated residual value over the assets' estimated remaining useful lives. This is applied at the following annual rates:

Buildings	2% (or depreciated over life of lease if shorter than 50 years)
Fixtures, fittings and equipment	10%–33%

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

f Leases

Operating lease rentals and any incentives receivable are recognised in the income statement on a straight line basis over the term of the relevant lease. Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased assets are classified as finance leases. Where land and buildings are held under leases, the accounting treatment of the land is considered separately from that of the buildings due to the indefinite life of land.

2 ACCOUNTING POLICIES CONTINUED

g Tax

The charge for tax is based on the profit or loss for the year and takes into account tax deferred due to timing differences between the treatment of certain items for tax and accounting purposes. Deferred tax is recognised in respect of all timing differences between the treatment of certain items for tax and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred Tax'.

h Pensions

The Company participates in a Group UK defined benefit scheme providing benefits based on final pensionable pay. As the Company is unable to identify its share of scheme assets and liabilities on a consistent and reasonable basis, the Company treats contributions to the defined benefit scheme as if they were contributions to a defined contribution scheme in accordance with the exemptions permitted by FRS 17 'Retirement Benefits'. As a result the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the relevant accounting period.

i Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the 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.

j Dividends

The interim dividend is included in the financial statements 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.

3 TANGIBLE FIXED ASSETS

	Short leasehold £m	Fixtures, fittings and equipment £m	Total £m
Cost			
Beginning of year	0.4	2.6	3.0
Additions	0.1	0.2	0.3
End of year	0.5	2.8	3.3
Depreciation			
Beginning of year	0.3	2.0	2.3
Charge in year	0.1	0.1	0.2
End of year	0.4	2.1	2.5
Net book value at 31 December 2011	0.1	0.7	0.8
Net book value at 31 December 2010	0.1	0.6	0.7

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

4 INVESTMENTS HELD AS FIXED ASSETS

	Investments in subsidiary undertakings £m
Cost	
Beginning of year	703.3
Additions	49.8
Disposal	(29.6)
End of year	723.5
Impairment provisions	
Beginning and end of year	45.6
Net book value at 31 December 2011	677.9
Net book value at 31 December 2010	657.7

The additions during the year include the Company subscribing £45.2m for ordinary shares in Bunzl Overseas Holdings (No. 2) Limited, its ownership being 100% at the beginning and end of the year.

On 26 August 2011 the Company disposed of its entire shareholding in Provend Group Limited, the parent company of the UK vending business. See Note 25 of the consolidated financial statements for further details.

The principal companies in which the Company's interest at 31 December 2011 is more than 20% are as follows:

	Country of incorporation
Bunzl Australasia Ltd	Australia
Bunzl Do Brasil Participacoes Ltda	Brazil
Bunzl Finance plc*	England & Wales
Bunzl Holding Danmark A/S	Denmark
Bunzl Holding GmbH	Germany
Bunzl Holdings France SNC	France
Bunzl Outsourcing Services BV	Netherlands
Bunzl UK Ltd	England & Wales
Bunzl USA Holdings LLC	USA

*Direct subsidiary undertaking of Bunzl plc.

5 DEBTORS

	2011 £m	2010 £m
Amounts owed by subsidiary undertakings	256.2	429.9
Prepayments and other debtors	1.5	7.4
Corporation tax	5.0	9.6
Deferred tax	0.7	4.1
	263.4	451.0

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £m	2010 £m
Trade creditors	0.4	0.4
Amounts owed to subsidiary undertakings	100.4	100.0
Other tax and social security contributions	0.6	–
Accruals and deferred income	5.8	4.9
	107.2	105.3

7 PROVISIONS

	2011 £m	2010 £m
Beginning of year	4.6	6.6
Charge	5.2	–
Utilised	(1.1)	(2.0)
End of year	8.7	4.6

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

8 SHARE CAPITAL AND SHARE BASED PAYMENTS

	2011 £m	2010 £m
Issued and fully paid ordinary shares of 32½p each	113.8	113.3

Number of ordinary shares in issue and fully paid

Beginning of year	352,520,158	351,509,328
Issued – scrip dividend	925,544	498,486
– option exercises	529,378	512,344
End of year	353,975,080	352,520,158

The Company operates a number of share plans, for the benefit of employees of the Company and its subsidiaries relating to the acquisition of shares in the Company, which are described in Note 16 to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

8 SHARE CAPITAL AND SHARE BASED PAYMENTS CONTINUED

FRS 20 disclosures

Options granted to employees of the Company 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:

	2011	2010
Grant date	03.03.11–11.10.11	25.02.10–08.10.10
Share price at grant date (£)	7.30–7.91	6.69–7.61
Exercise price (£)	nil–8.13	nil–7.46
Options granted during the year (shares)	767,380	777,465
Vesting period (years)	3–5	3–5
Expected volatility (%)	21–24	21–25
Option life (years)	3–10	3–10
Expected life (years)	3.0–6.3	3.0–6.0
Risk free rate of return (%)	0.9–2.9	0.9–3.0
Expected dividends expressed as a dividend yield (%)	3.0–3.2	2.9–3.2
Fair value per option (£)	0.66–3.08	0.59–2.78

The expected volatility is based on historical volatility over the last three to five 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 during the year was £7.99 (2010: £7.34). The total Company charge for the year relating to share based payments was £0.7m (2010: £1.0m).

Details of share options and awards to employees of the Company which have been granted and exercised, those which have lapsed during 2011 and those outstanding and available to exercise at 31 December 2011, in each case in respect of all options and awards, whether over new issue or market purchase shares, under the Sharesave Scheme (2001), 1994 Executive Share Option Scheme and the Long Term Incentive Plan Part A and Part B are set out in the following table:

	Options outstanding at 01.01.11	Grants/awards 2011	Exercises 2011	Lapses* 2011	Options outstanding at 31.12.11	Options available to exercise at 31.12.11
	Number	Number Price (p)	Number Price (p)	Number	Number Price (p)	Number
Sharesave Scheme	58,252	10,254 580	7,469 512-578	8,542	52,495 452-580	3,462
1994 Scheme	8,000	– –	6,000 446	–	2,000 446	2,000
LTIP Part A	2,567,152†	483,000 725-813	293,261 429-746	31,500	2,725,391 429-813	1,292,391
LTIP Part B	988,002	274,126 nil	126,965 nil	176,285	958,878 nil	–
	3,621,406	767,380	433,695	216,327	3,738,764	1,297,853

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

†Includes 48,500 options previously granted to an individual whose employment was transferred to the Company during 2011 from a wholly owned subsidiary of the Company.

	Weighted average fair value of options granted (£)	Weighted average remaining contractual life (years)
Sharesave Scheme	0.90	2.97
LTIP Part A	0.67	2.47
LTIP Part B	2.85	2.51

The outstanding options and awards are exercisable at various dates up to September 2021.

9 CAPITAL AND RESERVES

	Share capital £m	Share premium account £m	Other reserves £m	Capital redemption reserve £m	Profit and loss account		Total £m
					Own shares £m	Retained earnings £m	
At 1 January 2011	113.3	133.9	5.6	8.6	(199.5)	937.7	999.6
Issue of share capital	0.5	2.5					3.0
Employee trust shares					(14.3)		(14.3)
Share based payments						5.3	5.3
Loss for the year						(98.5)	(98.5)
2010 interim dividend						(16.6)	(16.6)
2010 final dividend						(52.3)	(52.3)
At 31 December 2011	113.8	136.4	5.6	8.6	(213.8)	775.6	826.2

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company has not been separately presented in these financial statements.

Included within own shares are ordinary shares of the Company held by the Group 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 relating to options granted and awards made in respect of market purchase shares under the Long Term Incentive Plan, the Deferred Annual Share Bonus Scheme and the 1994 Executive Share Option Scheme. Details of such plans are set out in Note 16 to the consolidated financial statements and the Directors' remuneration report. The assets, liabilities and expenditure of the trust have been incorporated in the consolidated financial statements. Finance costs and administration charges are included in the income statement on an accruals basis. At 31 December 2011 the trust held 5,230,867 (2010: 3,995,293) shares, upon which dividends have been waived, with an aggregate nominal value of £1.7m (2010: £1.3m) and market value of £46.2m (2010: £28.7m). At 31 December 2011, 23,325,000 (2010: 23,325,000) shares with an aggregate nominal value of £7.5m (2010: £7.5m) and market value of £206.2m (2010: £167.7m) were held in treasury.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £m	2010 £m
(Loss)/profit for the year	(98.5)	212.5
Dividends	(68.9)	(66.1)
	(167.4)	146.4
Issue of share capital	3.0	2.5
Employee trust shares	(14.3)	13.5
Share based payments	5.3	3.3
Net increase in shareholders' funds	(173.4)	165.7
Opening shareholders' funds	999.6	833.9
Closing shareholders' funds	826.2	999.6

The Company had no recognised gains or losses in the year ended 31 December 2011 or the year ended 31 December 2010 other than its loss for the relevant year.

11 CONTINGENT LIABILITIES

Borrowings by subsidiary undertakings totalling £676.1m (2010: £760.2m) which are included in the Group's borrowings have been guaranteed by the Company.

12 DIRECTORS' REMUNERATION

The remuneration of the directors of the Company is disclosed in Note 21 to the consolidated financial statements and the Directors' remuneration report.

13 EMPLOYEE NUMBERS AND COSTS

The average number of persons employed by the Company (including directors) during the year was 42 (2010: 42).

The aggregate employee costs relating to these persons were:

	2011 £m	2010 £m
Wages and salaries	7.2	7.0
Social security costs	1.2	1.1
Share based payments	0.7	1.0
Pension costs	0.8	0.7
	9.9	9.8

14 RELATED PARTY DISCLOSURES

The Company has identified the directors of the Company, the UK pension scheme and its key management as related parties for the purpose of FRS 8 'Related Party Disclosures'. Details of the relevant relationships with these related parties are disclosed in the Directors' remuneration report, Note 20 of the consolidated financial statements and Note 21 of the consolidated financial statements respectively.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK GAAP 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 Group and parent company and of their profit or loss for that period.

In preparing both the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the parent company financial statements, state whether applicable UK GAAP has been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' report, Directors' remuneration report and Corporate governance statement that comply with that law and those regulations. As explained in the Directors' report, certain information included in the Annual Report and financial statements is incorporated by reference into the Directors' report.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Annual Report and financial statements comply with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority in respect of the requirement to produce an annual financial report.

We confirm on behalf of the Board that to the best of our knowledge:

- the Group and parent company financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report and financial statements include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Michael Roney
Chief Executive
27 February 2012

Brian May
Finance Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUNZL PLC

We have audited the financial statements of Bunzl plc for the year ended 31 December 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the Group and parent company balance sheets, the consolidated cash flow statement, the consolidated statement of changes in equity and related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of directors' responsibilities set out on page 97, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs at 31 December 2011 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 32, in relation to going concern;
- the part of the Corporate governance statement on pages 36 to 39 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the Directors' remuneration report.

Mike Maloney (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square, London
27 February 2012

FIVE YEAR REVIEW

	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Revenue	5,109.5	4,829.6	4,648.7	4,177.3	3,581.9
Operating profit before intangible amortisation and acquisition related costs	335.7	306.7	295.7	280.5	242.9
Intangible amortisation and acquisition related costs	(56.4)	(51.0)	(41.8)	(36.0)	(24.4)
Operating profit	279.3	255.7	253.9	244.5	218.5
Finance income	21.8	20.3	16.8	27.6	21.1
Finance cost	(51.4)	(50.8)	(54.7)	(65.2)	(48.5)
Disposal of business	(56.0)	–	–	–	–
Profit before income tax	193.7	225.2	216.0	206.9	191.1
Profit before income tax, intangible amortisation, acquisition related costs and disposal of business	306.1	276.2	257.8	242.9	215.5
Income tax	(69.9)	(66.2)	(67.1)	(64.7)	(61.0)
Profit for the year	123.8	159.0	148.9	142.2	130.1
Basic earnings per share	38.2p	49.1p	46.4p	44.5p	39.8p
Adjusted earnings per share	68.5p	60.6p	55.9p	52.7p	45.1p

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

	2012
Annual General Meeting	18 April
Results for the half year to 30 June 2012	28 August

	2013
Results for the year to 31 December 2012	February
Annual Report circulated	March

Dividend payments are normally made on these dates:

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

ANALYSIS OF ORDINARY SHAREHOLDERS

At 31 December 2011 the Company had 5,603 (2010: 5,761) shareholders who held 354.0m (2010: 352.5m) ordinary shares (including treasury shares) between them, analysed as follows:

Size of holding	Number of shareholders	% of issued share capital
0 – 10,000	5,012	2
10,001 – 100,000	332	3
100,001 – 500,000	162	11
500,001 – 1,000,000	42	9
1,000,001 and over	55	75
	5,603	100

REGISTRAR

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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, 7 days a week, where the following services are available:

- 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 tax voucher.

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. Shareholders will receive their tax vouchers by post. To use this method of payment please contact our Registrar on 0870 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.

DIVIDEND REINVESTMENT PLAN

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

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.com/dealing/uk or by telephoning 0870 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 020 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.fsa.gov.uk in the Consumer Information section. Details of any share dealing facilities that the Company endorses will be included in Company mailings.

AUDITOR

KPMG Audit Plc

STOCKBROKERS

J.P. Morgan Cazenove
Citigroup

COMPANY SECRETARY

Paul Hussey

REGISTERED OFFICE

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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.



The paper used in the report is Amadeus 50 Silk containing 50% recycled content, all of which is de-inked post-consumer waste, and 50% virgin fibre. All of the pulp is bleached using an elemental chlorine free process (ECF). Printed in the UK by Pureprint using their *alcofree*® and *pureprint*® environmental printing technology and vegetable inks were used throughout. Pureprint is a CarbonNeutral® company. Both manufacturing mill and the printer are registered to the Environmental Management System ISO14001 and are Forest Stewardship Council® (FSC) chain-of-custody certified.



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