

BUNZL PLC
Form 20-F
April 08, 2004
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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 8, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934

For the fiscal year ended December 31, 2003

Commission file number: 1-14868

BUNZL PLC

(Exact name of Registrant as specified in its charter)

ENGLAND

(Jurisdiction of incorporation or organization)

110 Park Street, London W1K 6NX

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

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<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Ordinary Shares of 25 pence each	The New York Stock Exchange*

*Traded in the form of American Depositary Receipts evidencing American Depositary Shares representing such ordinary shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.

Ordinary Shares of 25 pence each 448,344,451

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES: NO:

Indicate by check mark which financial statement item the registrant has elected to follow:

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PRESENTATION OF INFORMATION

In this Annual Report on Form 20-F (the "Annual Report"), the term the "Company" or "Bunzl" refers to Bunzl public limited company, alone or together with its subsidiary undertakings, as the context so permits. The term "Group" refers to Bunzl together with its subsidiary undertakings. The Company's fiscal year ends on December 31. References in this Annual Report to a particular year are to the fiscal year unless otherwise indicated.

In this Annual Report, the term "ordinary shares" refers to ordinary shares of 25 pence each of the Company, and the term "ADSs" refers to American depositary shares each representing five ordinary shares and evidenced by American depositary receipts ("ADRs").

The Company's consolidated financial statements (the "Consolidated Financial Statements") that form part of this Annual Report are presented in pounds sterling and are prepared in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP") which differ in certain respects from accounting principles generally accepted in the United States ("US GAAP"). The principal differences between UK GAAP and US GAAP affecting the Group are explained in Note 28 of the Notes to the Consolidated Financial Statements beginning on page F-31 of this Annual Report.

On January 1, 2003 under UK GAAP the Group adopted Financial Reporting Standard ("FRS") 17 "Retirement Benefits". As a result of adopting FRS17, the results for 2002 and previous years have been restated.

In this Annual Report, references to "US dollar(s)", "US\$" or "\$" are to currency of the United States ("US") and references to "pound(s) sterling", "sterling", "£", "pence" or "p" are to currency of the United Kingdom ("UK"). Solely for convenience, this Annual Report contains translations of certain pound sterling amounts into US dollars at specified rates. These translations should not be construed as representations that the pound sterling amounts represent such US dollar amounts or could be converted into US dollars at the rates indicated. The following tables show for the periods and dates indicated certain information concerning the US dollar exchange rate for pounds sterling based on the noon buying rate in New York City for cable transfers in pounds sterling as announced for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). On March 26, 2004, the Noon Buying Rate was \$1.81 to £1.00.

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	Noon Buying Rate			
	Period end	Average ⁽¹⁾	High	Low
(dollars per pound sterling)				
Period Ended December 31				
1999	1.62	1.61	1.65	1.55
2000	1.50	1.51	1.65	1.40
2001	1.45	1.44	1.50	1.37
2002	1.61	1.51	1.61	1.41
2003	1.78	1.64	1.78	1.55
2004 ⁽²⁾	1.81	1.83	1.90	1.79
Month Ended				
October 31, 2003			1.70	1.66
November 30, 2003			1.72	1.67
December 31, 2003			1.78	1.72
January 31, 2004			1.85	1.79
February 29, 2004			1.90	1.82
March 26, 2004			1.87	1.79

⁽¹⁾ The average of the Noon Buying Rates on the last day of each full month during the relevant period.

⁽²⁾ January 1 through March 26, 2004.

For the preparation and consolidation of financial information in this Annual Report, the year end exchange rates used by Bunzl for translating US dollars into pounds sterling for the years 1999, 2000, 2001, 2002 and 2003 were, respectively, \$1.61, \$1.49, \$1.46, \$1.61 and \$1.79 to £1.00 and the average exchange rates used for the years 1999, 2000, 2001, 2002 and 2003 were, respectively, \$1.61, \$1.50, \$1.44, \$1.51 and \$1.64 to £1.00.

**CAUTIONARY STATEMENT FOR PURPOSES OF THE SAFE HARBOR PROVISIONS OF THE
UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

This Annual Report contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 that involve a number of risks and uncertainties. A number of factors could cause actual results, performance or achievements of the Group or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to, the following: (i) changes in demand for the Group's products worldwide; (ii) changes in the costs of raw materials; (iii) changes in the pound sterling/dollar exchange rate and the exchange rates between pounds sterling and other currencies in which the Group's businesses operate; (iv) changes in the political or fiscal regime of Bunzl's areas of activity; (v) principal changes in UK and US tax legislation or similar laws or regulations; (vi) cost inflation within the industrial sectors and economies in which Bunzl operates; (vii) changes in environmental legislation; (viii) changes in UK and US LIBOR rates and (ix) the risk factors identified in Item 3. Key Information Risk Factors. The foregoing list of factors should not be construed as exhaustive. Forward-looking statements can be identified by, among other things, the use of forward-looking terminology such as believes, expects, may, will, should, shall, pro forma, anticipates or intends or the negative of any thereof, or other variations thereon or comparable terminology, or by discussions of strategy or intentions. Forward-looking statements in this Annual Report include, but are not limited to, certain statements under (i) Item 3. Key Information Risk Factors, (ii) Item 4. Information on the Company Business Overview and Properties, (iii) Item 5. Operating and Financial Review and Prospects, (iv) Item 8. Financial Information Consolidated Statements and Other Financial Information Legal Proceedings, and (v)

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Item 11. Quantitative and Qualitative Disclosures about Market Risk Credit Risk . Such forward-looking

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statements are necessarily dependent upon assumptions, estimates and dates that may be incorrect or imprecise and involve known and unknown risks, uncertainties and other factors. Accordingly, any forward-looking statements included herein do not purport to be predictions of future events or circumstances and may not be realized. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.

PART I

ITEM 1: IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

SELECTED FINANCIAL DATA

The data presented below under the caption Selected Financial Data for, and as of the end of, each of the years in the five year period ended December 31, 2003, is derived from the published consolidated financial statements of Bunzl plc and subsidiaries (except where restated as referred to in Presentation of Information on page 1 of this Annual Report), which have been audited by KPMG Audit Plc, independent auditors. The consolidated financial statements as of December 31, 2003 and 2002, and for each of the years in the three year period ended December 31, 2003, and the reports thereon, are incorporated by reference in this Annual Report.

The Consolidated Financial Statements are prepared in accordance with UK GAAP which differ in certain respects from US GAAP. The principal differences between UK GAAP and US GAAP affecting the Group are explained in Note 28 of the Notes to the Consolidated Financial Statements beginning on page F-31 of this Annual Report.

For a description of new accounting standards adopted for the Consolidated Financial Statements for the year ended December 31, 2003 see Item 5. Operating and Financial Review and Prospects Operating Results Background Financial reporting standards and accounting policies .

Table of Contents**Consolidated Profit and Loss Account**

	for the year ended December 31				
	2003	2002*	2001*	2000*	1999*
	£m	£m	£m	£m	£m
Amounts in accordance with UK GAAP					
Sales					
Continuing operations	2,728.2	2,673.6	2,558.3	2,182.4	1,765.5
Discontinued operations ⁽¹⁾		161.7	318.2	321.2	363.1
Total sales	2,728.2	2,835.3	2,876.5	2,503.6	2,128.6
Operating profit					
Continuing operations	196.4	189.0	186.6	165.1	133.3
Discontinued operations ⁽¹⁾		7.4	14.9	19.7	23.8
Total operating profit	196.4	196.4	201.5	184.8	157.1
Profit on sale of discontinued operations		4.1		7.1	0.2
Loss on disposal of fixed assets				(4.8)	
Profit on ordinary activities before interest	196.4	200.5	201.5	187.1	157.3
Net interest payable	(1.8)	(5.2)	(11.3)	(7.6)	(5.2)
Profit on ordinary activities before taxation	194.6	195.3	190.2	179.5	152.1
Taxation on profit on ordinary activities	(69.0)	(70.0)	(71.3)	(66.8)	(60.6)
Profit on ordinary activities after taxation	125.6	125.3	118.9	112.7	91.5
Profit attributable to minorities	(1.0)	(0.5)	(0.4)	(0.6)	(0.6)
Profit for the financial year	124.6	124.8	118.5	112.1	90.9
Earnings per share					
Basic earnings per share	27.4p	27.1p	25.8p	24.6p	20.1p
Diluted basic earnings per share	27.2p	26.8p	25.5p	24.4p	19.9p
Dividends paid and proposed per share	12.1p	11.2p	10.35p	9.4p	8.3p
Weighted average ordinary shares					
Basic (million)	455.2	461.4	458.6	455.8	452.3
Diluted (million)	457.4	465.3	463.8	460.0	456.3

* Restated on adoption of FRS17 Retirement Benefits. As explained in the Accounting Policies section on page F-6 of this Annual Report, the Group has adopted FRS17 Retirement Benefits for the year ended December 31, 2003. This has resulted in a restatement of comparative figures. The impact on the consolidated profit for the year to December 31, 2003 was an increase of £0.3 million (2002: £(0.4) million, 2001: £1.6 million, 2000: £4.0 million, 1999: £1.0 million). Earnings per share information has therefore been restated based on these restated earnings.

⁽¹⁾ Discontinued operations principally comprise the Paper Distribution business which was sold in July 2002. Discontinued operations also include Filtrona's instruments business sold in 2000 and the Group's job-lot converting business sold in 1999.

Table of Contents**Consolidated Profit and Loss Account**

	for the year ended December 31				
	2003	2002	2001	2000	1999
	£m	£m	£m	£m	£m
Amounts in accordance with US GAAP					
Sales					
Continuing operations	2,728.2	2,673.6	2,558.3	2,193.3	1,806.3
Discontinued operations		161.7	318.2	310.3	322.3
Total sales	2,728.2	2,835.3	2,876.5	2,503.6	2,128.6
Net income for the financial year					
Continuing operations	131.7	126.5	91.6	84.3	57.2
Discontinued operations		21.3	10.8	13.1	13.8
Total net income for the financial year	131.7	147.8	102.4	97.4	71.0
Earnings per share					
Continuing operations	28.9p	27.4p	20.0p	18.5p	12.6p
Discontinued operations		4.6p	2.3p	2.9p	3.1p
Basic earnings per share					