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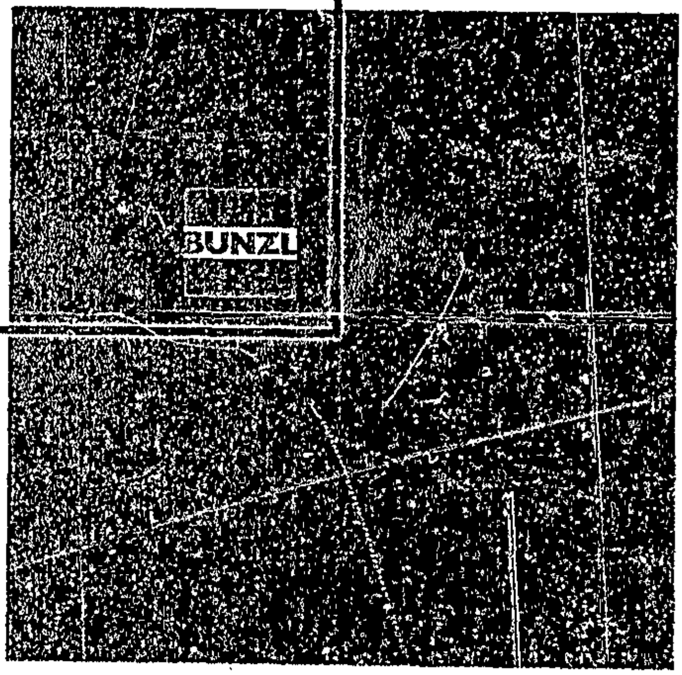
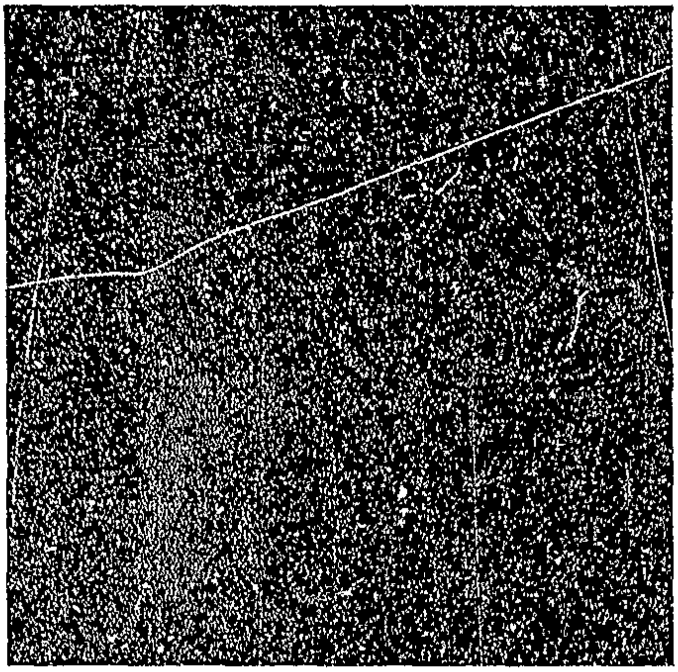
Bunzl plc Annual Report 1992





Bunzl is involved in distribution, conversion and light manufacture, primarily of paper and plastic based products for a variety of end-user applications. The Group has a broad *international* base, with its principal activities in the US and Europe.

A strategy of focus has been followed, leading to a major streamlining and restructuring of the Group. The Group's strengths are being built up and it is now in good shape to develop in the future.

Chairman's Statement

'*In 1992, the quality and underlying growth of Bunzl's strong businesses, combined with tight cost control, helped to improve results in spite of the economic environment in which they operated.*'

Results

1992 will be seen as the year in which the restructuring and recovery of the Group began to bear fruit. Trading profit before exceptionals rose strongly by 13.5% to £56.4 million (1991: £49.7 million). With no exceptionals (1991: £19.3 million), profit before tax more than doubled to £45.1 million (1991: £21.1 million).

After tax and interest, earnings per share increased to 6.7p (1991: 1.5p), further benefiting from a lower tax rate. There were no extraordinary charges (1991: £10.9 million).

A strong focus on working capital management aided an encouraging decrease in gearing to 46.7% (1991: 54.5%).

Dividend

The Board is recommending an unchanged final dividend of 2.2p per share, making 4.0p for the year (1991: 4.0p). This brings us a step closer to a realistic level of cover.

The businesses

In 1992, the quality and underlying growth of Bunzl's strong businesses, combined with tight cost control, helped to improve results in spite of the economic environment in which they operated. The Paper and Plastic Disposables and Fine Paper businesses battled successfully against price deflation to produce results envied by their competitors.

Building Supplies was still locked in a depressed market and completed further restructuring in 1992. Better returns are now expected to begin to come through.

Cigarette Filters used its skills and experience in 'specials' to great effect and produced excellent results 41% up on the previous year. Plastic Products also lifted its overall profits by 28% by driving remorselessly for greater efficiency.

The management team both at the centre and in the operating companies now has greater strength and depth and the results, in difficult economic circumstances, are a credit to them and Bunzl employees worldwide.

The Board

Gurth Hoyer Millar retires from the Board at this year's Annual General Meeting. Among many things, we are particularly grateful to him for his steadfast counsel during the difficult period of change. We thank him and wish him well.

The Board as a whole subscribes fully to the spirit of the Cadbury Code and the Company is moving towards compliance with the details of the substance. Members of the fully functioning Audit and Remuneration Committees are detailed on page 20 and the basis for setting the remuneration of the executive directors is described within the Directors' Report.

Financial highlights	1992 £m	1991 £m
Sales	1,289.4	1,394.7
Trading profit before exceptional items	56.4	49.7
Exceptional items	-	(19.3)
Trading profit	56.4	30.4
Net interest payable	(11.3)	(9.3)
Profit before tax	45.1	21.1
Extraordinary items	-	(10.9)
Earnings per share	6.7 p	1.5 p
Dividends per share	4.0 p	4.0 p
Net debt	100.6	108.8
Shareholders' funds	215.3	199.5
Gearing	46.7 %	54.5 %

Prospects

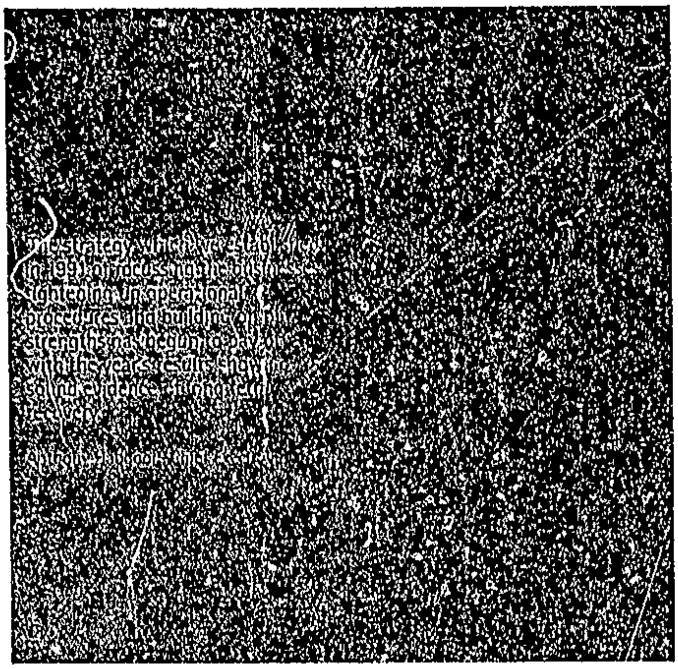
In 1993, the Group is seeing some recovery in the US economy as a whole, although evidence is patchy and there are regional variations. In the UK, signs of a recovery are less pronounced and paper prices in particular have continued to soften. The slowdown of the German economy has begun to bite and our Fine Paper business there is not immune from this overall economic trend.

The Board is confident that the restructuring and revitalising of Bunzl, the potential of its strong businesses and investment in systems have positioned the Company well to improve its performance in 1993 and to take advantage of any recovery that may occur.

We shall continue to invest in support of the organic growth of our businesses and be watchful for opportunities to expand from them.

David Kendall

David Kendall
Chairman
22 March 1993



A year of progress

Improved operating results and better working capital control increased net cash flow from £8.0 million in 1991 to £34.7 million in 1992.

The overall tax rate was reduced to 37.5%.

Lower borrowings and higher shareholders' funds caused gearing to fall from 54.5% to 46.7%.

Increased margins and strong cash management resulted in return on average capital employed rising from 13.5% to 15.4%.

Trading profit before exceptional items

92 ———— £56.4m
91 ········ £49.7m

Earnings per share

92 ———— 6.7p
91 ········ 1.5p

Profit margin

92 ———— 4.4%
91 ········ 3.6%

Profit per employee

92 ———— £7,010
91 ········ £5,582

Below (left to right): Avery Duff, Director of Group Personnel (foreground), Brian Ace, Paul Lorenzini, Andrew Arends, Director of Corporate Development (foreground), Anthony Habgood, David Williams, Donald Murray, Paul Twigden and David Stry

Management

Anthony Habgood, Chief Executive, and David Williams, Finance Director, hold quarterly review meetings, which are an important forum for the exchange of ideas and information, with the five business area heads and other members of the management team.

Paul Lorenzini, Chairman, Paper and Plastic Disposables
Paul Lorenzini joined Bunzl when Packaging Consultants and Mac-Pak, the highly successful distribution businesses which he built up over 13 years, were acquired by the Group in 1983. He was Mid-Central and Western Regional President of Bunzl Supermarket Distribution until 1985, when he became Central and Western Division President. He now oversees Bunzl's largest and most profitable business, which comprises 48 warehouses serving 50 states and is currently the US market leader in its chosen field.

Donald Murray, *Managing Director, Fine Paper*
With over 40 years' experience in fine paper distribution, Donald Murray has overseen the successful development of the Fine Paper business in the UK since 1982, when Bunzl acquired the company he founded almost 30 years before. Donald Murray Paper was Bunzl's first Fine Paper acquisition. In 1990 he assumed responsibility for the entire Fine Paper business area, which today encompasses some 55 locations across the UK, Germany and Italy.

David Stry, President, Building Supplies
David Stry worked for Pluswood, a Wisconsin-based building materials company, for 20 years, both when it was a private company and subsequently as President when it became part of International Paper, one of the world's largest forest products companies. From 1988 to 1990 he was President of the whole of International Paper's Building Materials Division. After a short spell at Fairmont Homes, he joined Bunzl in May 1992 to head up Building Supplies.

Brian Ace, Chairman, Cigarette Filters
Having joined Filtrona in 1960 as a manufacturing executive, Brian Ace has over 30 years' experience in cigarette filters. By 1969 he was General Manager of Filtrati in Italy which he built up into a highly effective operation. In 1979 he was appointed as a director of Filtrona International, becoming Deputy Chairman four years later, responsible for worldwide manufacturing facilities. He was appointed Chairman of Cigarette Filters in 1988 and also took responsibility for instrumentation when the current business area was formed in 1991.

Paul Twigden, Managing Director, Plastic Products
A chartered accountant, Paul Twigden joined Bunzl in 1980 as Group Financial Planner. After a period as Finance Director at Wycombe Marsh Paper Mills, he became Finance Director of Bunzl's Industrial Division in 1984. In 1987 he was appointed Managing Director of Industrial Plastics and in 1989 became President of Bunzl Plastics America, our successful plastics operations in the US and Brazil. He assumed the role of Managing Director of Plastic Products in 1991.

Bunzl at a glance

Bunzl is involved in distribution, conversion and light manufacture, primarily of paper and plastic based products for a variety of end-user applications. The Group has a broad international base, with its principal activities in the US and Europe.

Paper and Plastic Disposables

We provide transcontinental sourcing, warehousing and distribution of disposable paper and plastic products in the US and Australia. Our key markets are supermarkets, fast food suppliers, independent local distributors and airlines. We also operate in job-lot paper conversion in the US. We have 48 warehouses in the US and 13 in Australia.

Paul Lorenzini

Fine Paper

We are Europe's largest independent distributor of fine paper, supplying hundreds of brands to thousands of medium-sized printers. A highly efficient and knowledgeable merchanting service provides customers with the finest quality papers, often in a matter of hours. We operate from 27 locations in the UK, 14 in Germany and 14 in Italy.

Donald Murray

Building Supplies

Our distribution network operates from 25 warehouses across the US and serves the needs of independent, regional and national retailers of building supplies, as well as contractors and industrial users. We concentrate on premium brand building products with strong regional franchises.

David Stry

Trading profit before corporate activities

by business area	%	by country of operation	%
Paper and Plastic Disposables	51	US	56
Fine Paper	21	UK	23
Building Supplies	1	Rest of Europe	15
Cigarette Filters	17	Rest of the world	6
Plastic Products	10		100
	100		

Cigarette Filters

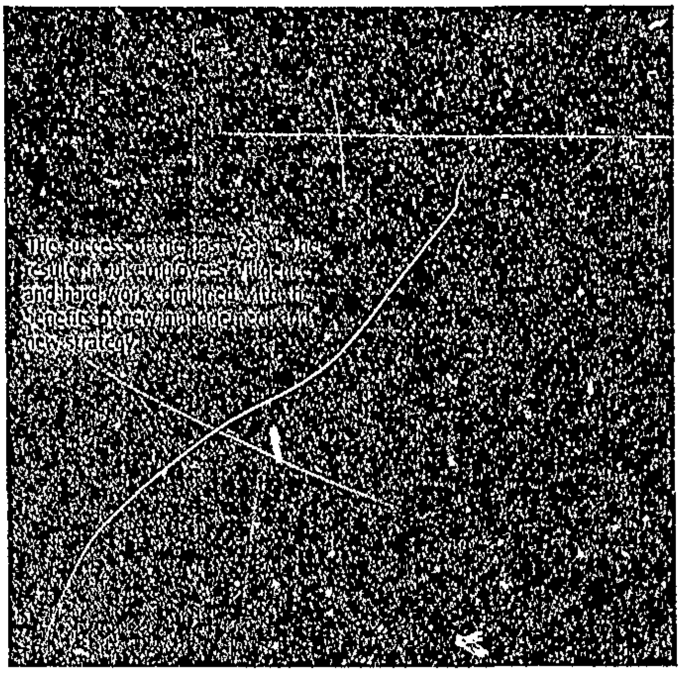
As the largest independent producer of cigarette filters in the world with manufacturing facilities in 11 countries, we are leading the expanding market for special filters for low tar cigarettes. We also design and manufacture instrumentation for quality control and measurement of various cigarette parameters.

Brian Ace

Paul Twigden

Plastic Products

We are leaders in protective caps and plugs for the engineering industry and European leaders in encapsulation. In addition, our products range from packaging for the cosmetics and food industries to advanced automotive components and a select range of housewares and gardenwares. We operate from bases in the UK, the US and Brazil.



Chief Executive's Review

The past year marked the start of Bunzl's recovery. Restructuring continues and further benefits should be seen in 1993.

The strategy which we established in 1991 of focussing the businesses, tightening up operational procedures and building on our strengths has begun to pay off, with the year's results showing sound evidence of long term recovery. The driving force behind the strategy is our management team, both in the business areas and centrally, and many changes were made at senior levels during the year. An important appointment was made at Bunzl Building Supply with the arrival of David Stry as the new President. The changes in the central management team were also largely completed during 1992 with the recruitment of Andrew Arends as Director of Corporate Development, Avery Duff as Director of Group Personnel and the appointment of Paul Hussey as Company Secretary.

While the process of rationalisation and consolidation has continued across all five business areas, we have also invested in and developed those businesses where we are already strong and have invested significantly in improved systems. The Group is now in excellent shape to move forward.

Restructuring and streamlining

There has been a continued emphasis on reducing overheads centrally and in the business areas and eliminating loss-making activities. Bunzl's sale of its low margin paper trading businesses is now complete and the complex withdrawal from paper making is almost finalised. Following the sale of certain assets of Wycombe Marsh Paper Mills and its associated company in the US early in 1992, it is anticipated that the removal of much of the equipment will take place in 1993. The 12.5 acre Wycombe Marsh site has been sold to supermarket chain J Sainsbury, subject to planning permission. Major streamlining has taken place in parts of Plastic Products, Building Supplies, Fine Paper in Italy and the Australian distribution business. Such streamlining has included major cost reductions and the closure of two more depots in Building Supplies and seven Fine Paper sites in Italy.

Expanding our strong businesses

Simultaneously, we have been building on our strengths. We continued the development of the US re-distribution business with an acquisition in Atlanta, which filled a key geographic gap. We have also begun to expand into Mexico. Cigarette Filters has just opened its first factory in the US, dedicated to serving the growing demand for special filters from US cigarette manufacturers and has recently announced its intention to invest in India. Fine Paper has continued its expansion with a small acquisition in the UK as well as opening a series of new warehouses in Germany, the most recent of these being in Brandenburg. Within Plastic Products, our strength in caps and plugs is being reinforced with a new 60,000 sq ft warehouse at Alliance opening in 1993. Morane's leadership position in Europe is being secured by a new extrusion coating line, which will treble capacity.

Investing in systems

Improved operating efficiencies depend on better management tools, of which one of the most important is the fast and efficient communication of information. This has now been enhanced with the extension and improvement of management information systems across all parts of the Group. Significant investment in systems has taken place in Paper and Plastic Disposables in the US and Australia, in Fine Paper in the UK and Italy and in Building Supplies. This investment is continuing in 1993. Cash monitoring and control has been centralised and a new treasury system to increase efficiency in the use of cash is now fully operational.

Results for the year

In a year of declining prices, recession and some of the most difficult trading conditions in living memory, it is very pleasing to report that our restructuring programme has helped us to achieve a substantial increase in profit before tax and a much improved cash position. Earnings have also benefited from the achievement of a lower tax rate and the lack of exceptional charges.

The quality of our earnings has been improved, with the Group profit margin increasing from 3.6% to 4.4%. We have benefited from the disposal of peripheral activities in late 1991 and 1992, the elimination of loss-making operations and major improvements in operating performance – most notably in Paper and Plastic Disposables, Cigarette Filters and Plastic Products.

With our policy of hedging overseas assets, the strengthening of various foreign currencies, particularly the US dollar, increased the sterling value of our borrowings by £27.3 million. Nevertheless, we have achieved a reduction in gearing due to improved operating results and better working capital control.

Unlike any of the previous five years, we have no exceptional or extraordinary charges in the 1992 Accounts. The costs of further restructuring have been offset against the trading profit of the relevant business area.

The success of the past year is the result of our employees' diligence and hard work combined with the benefits of new management and new strategy. I review each of the five business areas in more detail over the following pages.

Anthony Habgood

Anthony Habgood
Chief Executive
22 March 1993

'Despite the deflationary spiral that has haunted the paper and plastic industry over the past four years and which continued in 1992, the dedication of our employees drove sales and profits of Distribution USA to record levels.'

Paul Lorenzini, Chairman,
Paper and Plastic Disposables

	1992 £m	1991 £m
Sales	565.2	670.4
Trading profit	31.6	28.4

Profit margin

92	5.6%
91	4.2%

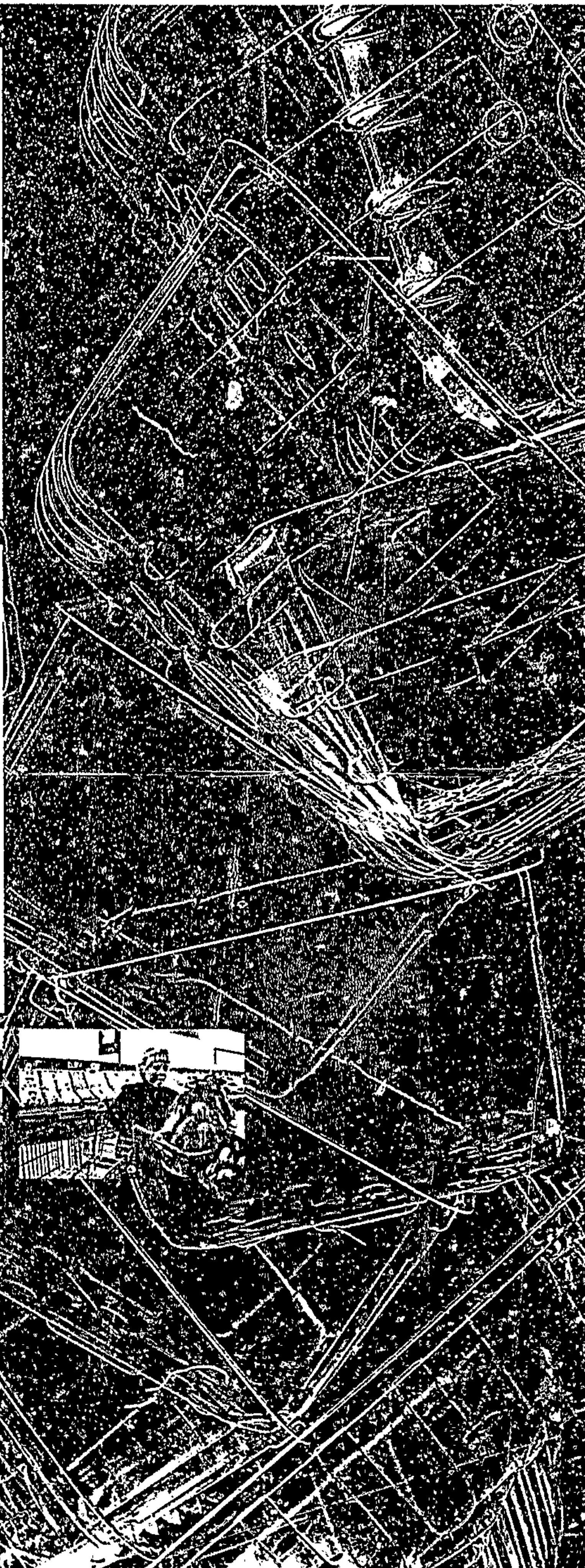
Return on net operating assets

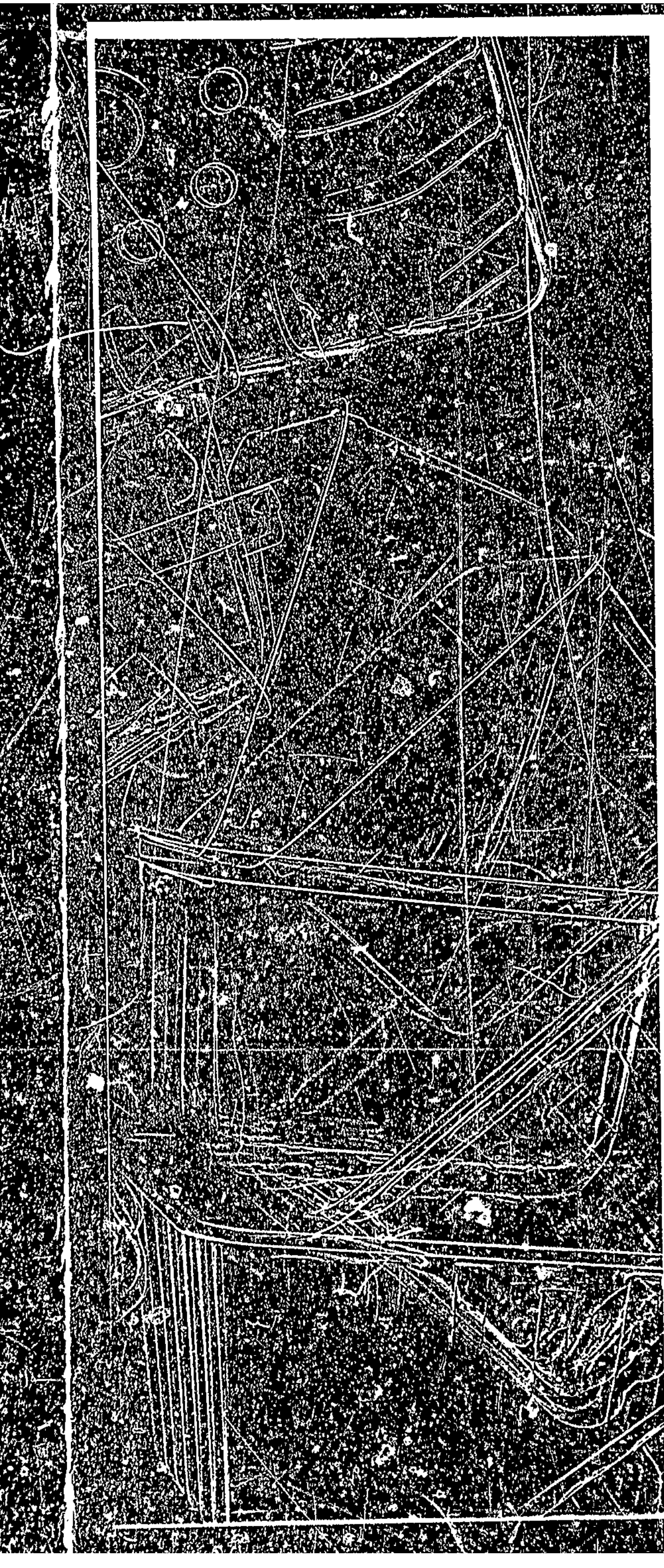
92	32.4%
91	33.2%

Profit per employee

92	£15,288
91	£12,816

Our services to supermarkets add value: custom-printed wrapping for pizzas and wicker baskets for attractive fruit selections





Paper and Plastic Disposables

This was another excellent year for Paper and Plastic Disposables. In a sector adversely affected by price deflation, there was an encouraging 11% increase in trading profit. Strong, tight-knit management provided the force behind this success, with some important appointments made during the year from people who have grown with the company.

The business area has benefited from tight cost control and continued focus, while the move out of low margin activities has contributed to the improvement in margins for the business area as a whole.

Growing and investing in Distribution USA

In the largest of the Group's businesses, distribution of paper and plastic disposables in the US, it has been an excellent year, despite the background of continuing price deflation. Consolidation of dual locations took place in five geographic areas, which further increased efficiency. Results have been particularly good in the supermarkets area, facilitated by the development of a new function dedicated to servicing accounts which have national operations. A growth area in this business is warehouse clubs which, among a multitude of other products, sell bulk fresh foods to consumers. Excellent results have also been achieved in the re-distribution business, with the acquisition and successful integration of Camelot, which was an important strategic step in the expansion of the network.

A major investment has been made in a new computer information system, based on the IBM AS400, to which all locations should be converted by the end of 1993. This will provide more effective financial control and sales analysis information, as well as facilitating improved customer service.

Increasing profits at job-lot converting

Increased efficiency in the job-lot converting business has resulted in a significant increase in profits. Although sales are down on last year, margins have improved and, with lower staff numbers, sales per employee have risen.

Taking efficiency measures in Australia

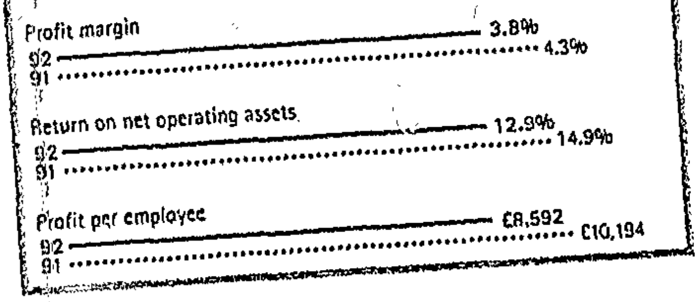
Deflation, rising unemployment and a lack of business and consumer confidence created difficult market conditions for the Australian distribution business. However, after an unsatisfactory performance during the first half of the year, results improved in the second half and the year as a whole was ahead of 1991. A number of efficiency measures were taken in the mid-year, including a 17% reduction in the workforce, and the gaining of some sizeable new accounts, most notably the Royal Australian Airforce, also contributed to this turnaround. The relocation of the Sydney branch to a purpose-built facility has already resulted in improved productivity and the first stages of introducing a new computer system throughout the company were implemented.

Fine Paper

'Bunzl Fine Paper has performed well in spite of very difficult trading conditions. Much has been achieved in 1992, which is a tribute to the quality and enthusiasm of all our people, and we are well placed to continue growing stronger in the years ahead.'

Donald Murray, Managing Director, Fine Paper

	1992 £m	1991 £m
Sales	337.8	333.7
Trading profit	13.0	14.2



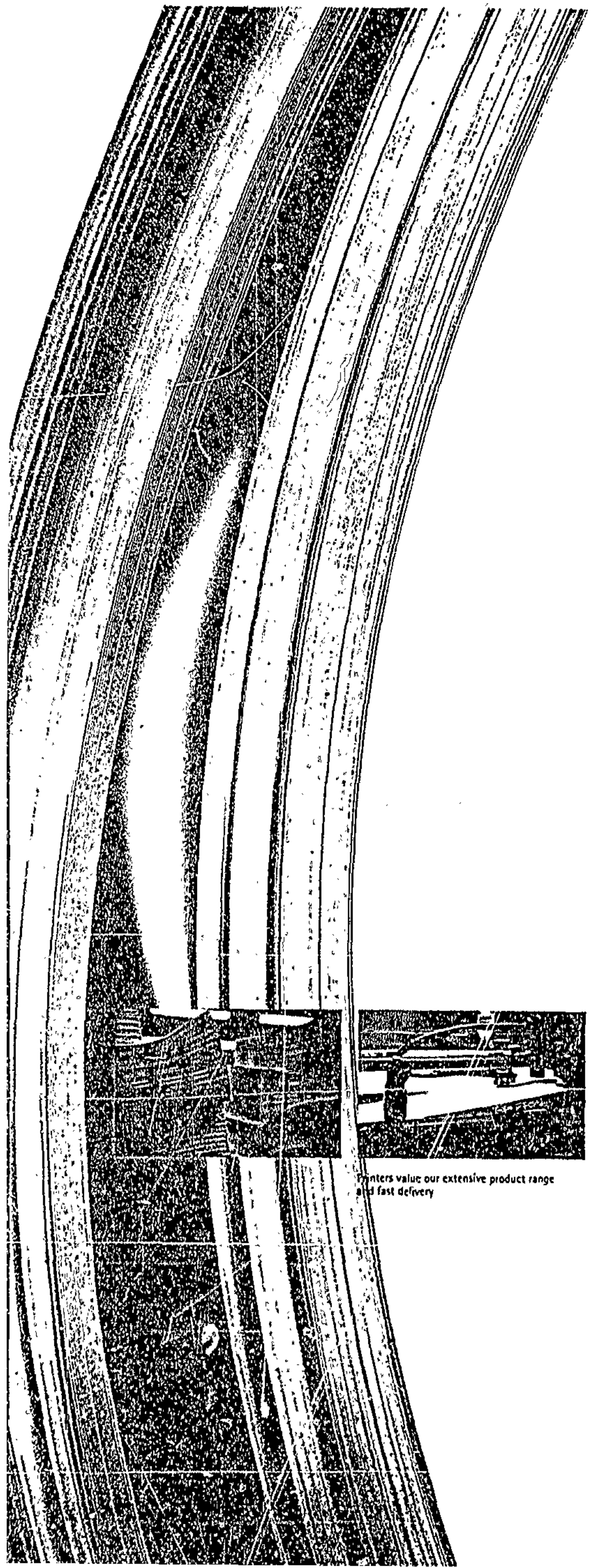
In another year of price deflation, this business area has had to work hard for its profits, with its status as an independent distributor continuing to be an advantage in allowing the companies to be selective in the lines they stock. The industry is going through a period of great change and rationalisation and ultimately will comprise fewer, but bigger, players.

In all three countries of operation, it has been a year of planned activity.

Strengthening the UK business

Some significant events have taken place during the year which have strengthened the business in the UK. A trunking system was established to guarantee overnight deliveries of any stock item from one end of the country to the other. This network, facilitated by the new, standardised computer system, gives Bunzl Fine Paper an efficient national system to meet ever-increasing demands for fast delivery and wide product choice. The acquisition of a small fine paper merchant in Birmingham filled a geographic gap in the Midlands. Thom & Cook moved into new 68,000 sq ft premises with an advanced computerised warehousing system. Our product offering for the display and sign market was relaunched as Europoint Display.

The year ended with the appointment of a new head of all Fine Paper operations in the UK who will provide strong leadership at a critical time.



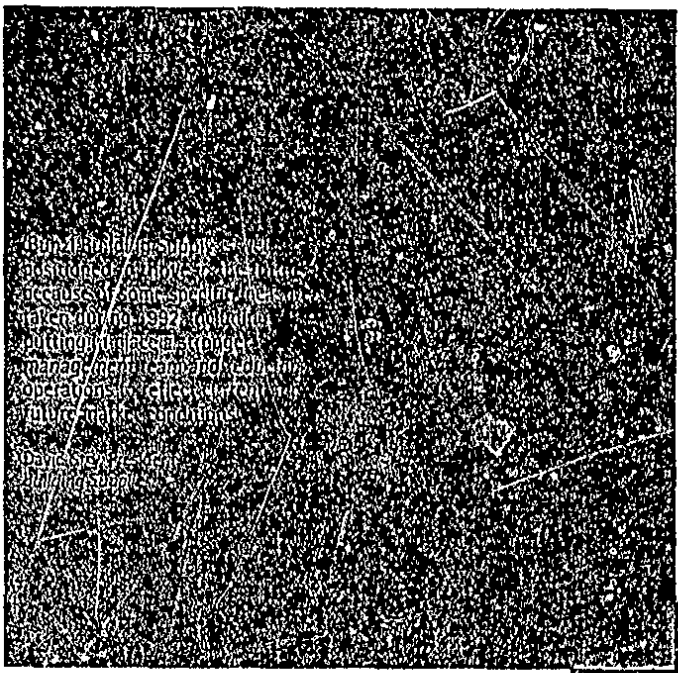
Printers value our extensive product range and fast delivery

Developing strategically in Germany

Price deflation and the slowing in the economy since re-unification led to a reduction in sales and this, combined with the costs of expanding our network, resulted in somewhat lower profits. It was a year of strategic activity and investment to give the company a broader national base for the future. Two new warehouses opened during 1992. The Stuttgart warehouse, which opened in January, is operating well and a new warehouse in Augsburg started trading in December to complete the Southern German network. The Berlin operation was relocated to a larger warehouse at Thyrow in Brandenburg in January 1993, making Bunzl the first paper distributor to open in the former East Germany. This facility will help to provide efficient service to customers both in Berlin and in the developing industry in other parts of Germany.

Reorganising in Italy

The activities of a new management team in Italy have already resulted in improvements. The company has been extensively reorganised to put it onto a sound footing. Seven sites have been closed, accounting operations moved from Como to Milan and tighter credit control introduced. In spite of the branch closures, sales levels have been maintained by extending the product range to help strengthen Bunzl Italia's position in the market.

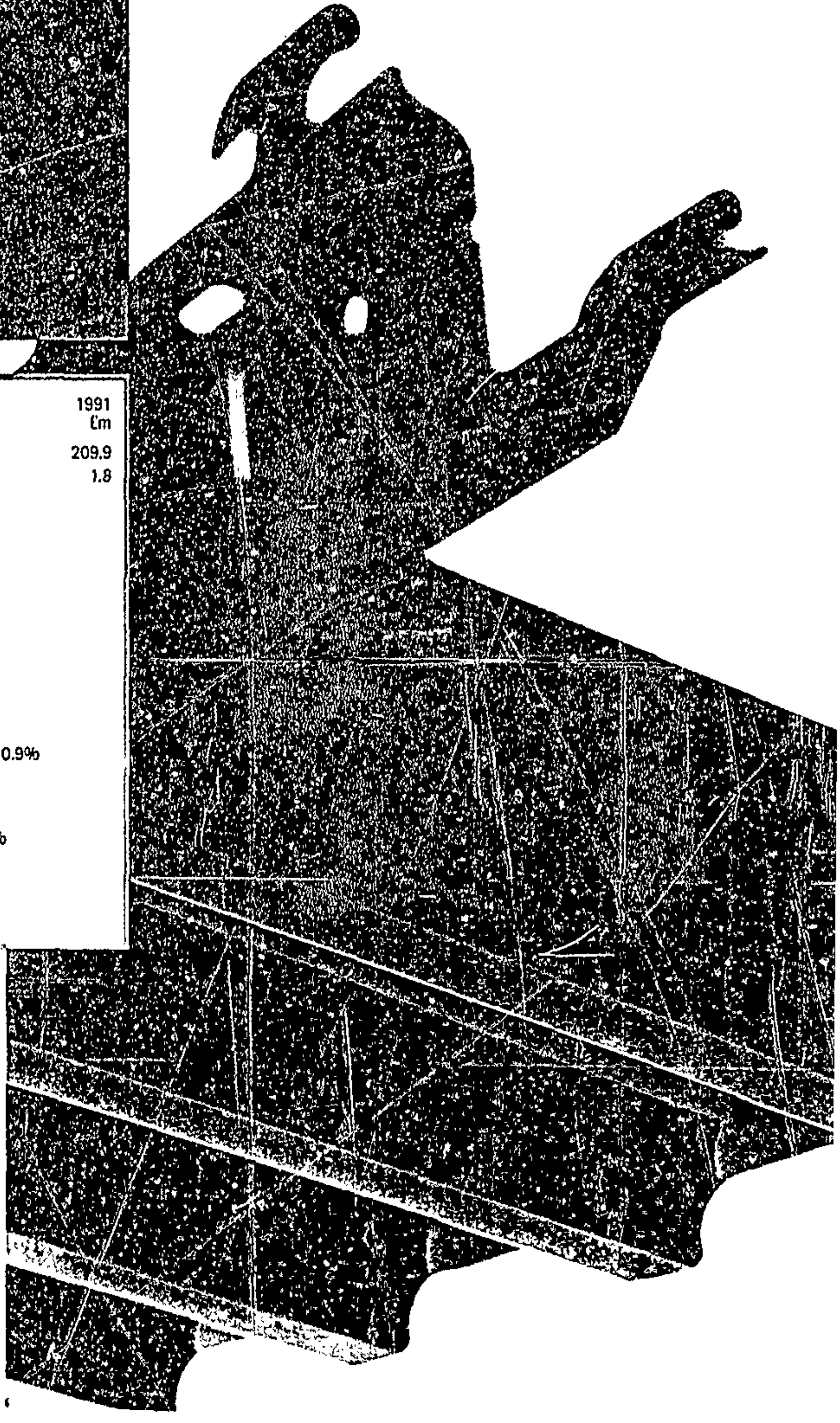


	1992 £m	1991 £m
Sales	206.6	209.9
Trading profit	0.7	1.8

Profit margin
92 0.3%
91 0.9%

Return on net operating assets
92 1.3%
91 3.6%

Profit per employee
92 £783
91 £1,915



Building Supplies

In a year of continuing recession in the US construction market, particularly in Southern California and the North-East, results have been disappointing. Under-provision for closures made in 1991 and further rationalisation during 1992 has led to 1992 profits being down on the 1991 pre-exceptionals line. However, when compared with the post-exceptionals profits in 1991, results for 1992 show a considerable improvement.

Building Supplies' strategy is to concentrate on key product *franchises in well-defined areas. Our expectation is that this* strategy, combined with the impact of new management and systems and the cost reductions made in the last 18 months, *should improve results in 1993.*

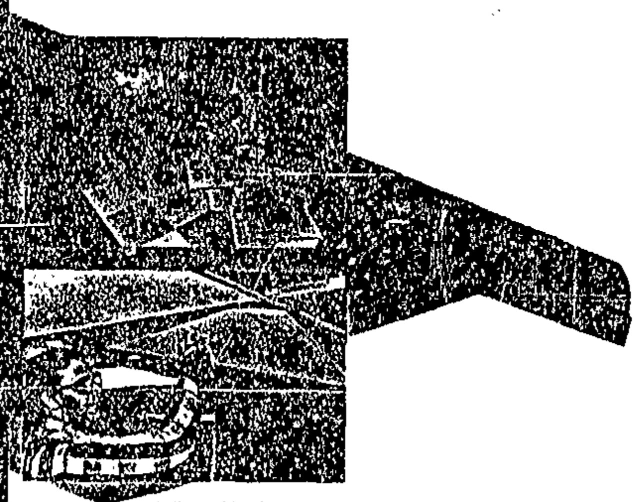
Making some tough decisions

It has been a year of *tough decision-making in order to restore* the business to satisfactory profitability. Playing a key role in the restructuring programme has been the new President, David Stry, who was appointed in May 1992. He has presided over a programme of cost reduction and has substantially reduced the assets tied up in the business, in particular working capital. Some other important appointments have been made, including a new President of D J Wholesale and, most recently, a new Chief Financial Officer. An announcement was made late in the year that the Southern California businesses of Stanline and Armline would be combined under a single management team.

Key events in the rationalisation programme have been the reduction of staff numbers by an overall 8% by the year-end and the closure of a further two facilities during the year – the millwork facility in Columbus, Ohio and D J Wholesale's distribution centre in Waterbury, Connecticut. At the end of the year the closure of Stanline's Norwalk, California facility was announced, which has resulted in further staff savings being made after the year-end.

Investing in change

Simultaneously with these reductions, a number of strategic investments have been made, particularly in systems. The implementation of a new computer system across the business area began in 1992. Bar coding is being introduced for shipping, receiving and controlling inventory. Inland Distributing, the Fort Wayne, Indiana facility, was the first to introduce this technology and it is helping to make major improvements in warehousing efficiency.



Ceiling and flooring systems are key product lines in our select range

Cigarette Filters

'1992 has seen unprecedented excitement generated by our new filters and instruments. In order to meet demand and maximise customer service, Filtrona is increasing its manufacturing locations.'

Brian Ace, Chairman, Cigarette Filters

In spite of political and economic difficulties in many of its export markets, Filtrona's strategy of focussing on special filters and better capacity utilisation has led to greatly enhanced results. Sales of special filters, including those to Eastern Europe, have been excellent and performance has been strong in the UK. Results have improved elsewhere, with most locations showing better profits.

Leading in special filters

With a steady worldwide increase in cigarette consumption, the demand for special filters has continued to grow strongly. As the world's leading independent producer of special filters, this puts Filtrona in a unique position which it is poised to exploit both in and outside Europe. There is a global trend towards low tar cigarettes which, combined with a strong desire in the industry to increase consumer acceptance of these products, has resulted in Filtrona receiving a high number of enquiries for special filters from cigarette manufacturers. New EC regulations on maximum tar and nicotine levels, which became law in January 1993, have further stimulated this interest.

Expanding into the US and India

During the year we announced the opening of a new filter factory in North Carolina to produce special filters under the name FIL International. Production in the 50,000 sq ft facility has commenced and will improve our ability to service key US manufacturers by providing a local source of supply. We have also recently succeeded in obtaining FIPB approval to set up a joint venture with the leading Indian cigarette manufacturer, ITC, to produce filters in India.

Our filters are used in famous brands all over the world

	1992 £m	1991 £m
Sales	102.3	101.7
Trading profit	10.4	7.4

Profit margin
92 10.2%
91 7.3%

Return on net operating assets
92 29.9%
91 18.0%

Profit per employee
92 £7,681
91 £4,741

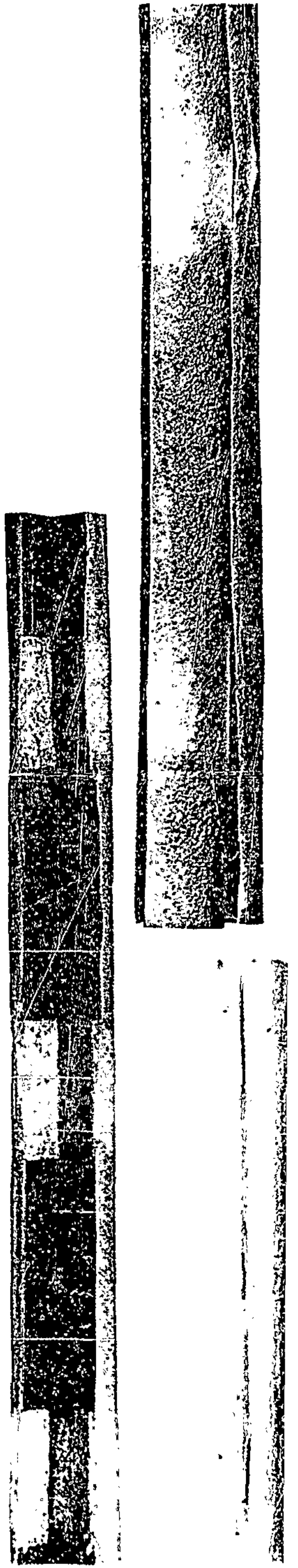
Exploiting other opportunities

Combining filter technology with plastic extrusion technology, *Filtrona is the largest independent producer of ink reservoirs for* fibre tip pens in the world. The German facility, which produces the highest quantity of reservoirs among Filtrona's operations, manufactured more than one billion rods last year. The business is benefiting from the expanding worldwide market for more sophisticated extruded *pen fillers.*

Growing sales and product range at instruments

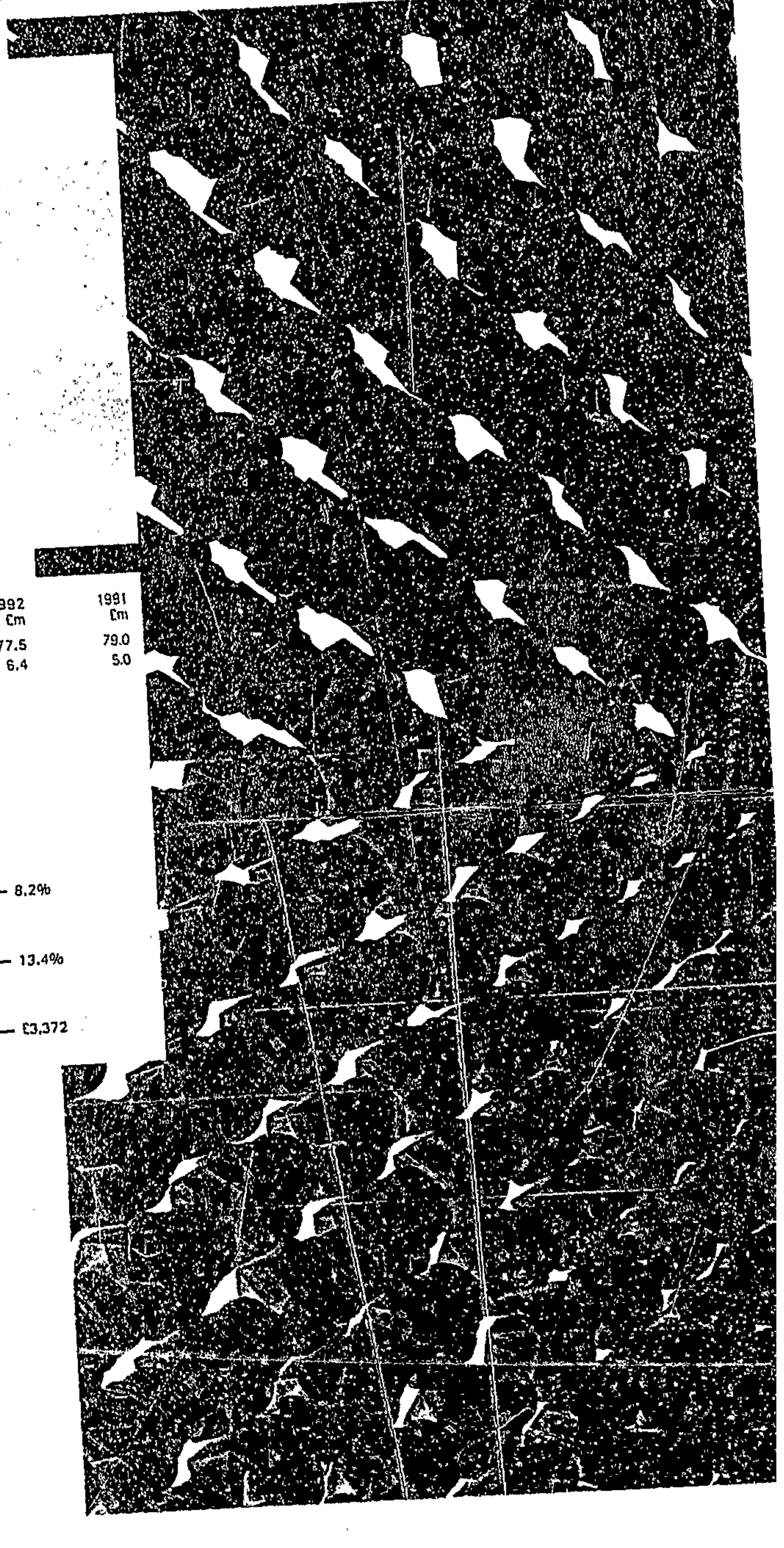
Just as with special filters, the instrumentation business has benefited from the general trend towards lower tar cigarettes and the increased need to monitor quality levels. 1992 results show an increase in sales and a major improvement in profits. This turnaround has taken place as a result of increased efficiency, including a 10% staff reduction, and the successful introduction of several new products on to the market.

We have met industry demand for bringing fast, precise quality control closer to the point of manufacture with a new range of cigarette testing modules. These are currently being developed into a modular system to give customers flexibility in their testing requirements. A new machine for packing tubes was also *successfully launched in 1992.*



'In 1992 we have concentrated on new product development, productivity improvements and enhanced product quality. All these factors will enable us to make good progress in 1993.'

Paul Twigden, Managing Director, Plastic Products



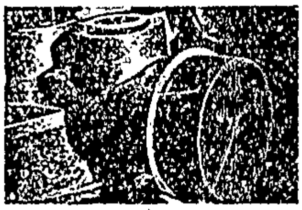
	1992 £m	1991 £m
Sales	77.5	79.0
Trading profit	6.4	5.0

Profit margin
92 — 8.2%
91 ······ 6.3%

Return on net operating assets
92 — 13.4%
91 ······ 9.8%

Profit per employee
92 — £3,372
91 ······ £2,361

Plastic Products



Protective caps for industry and collation trays for supermarket products are two niche markets we serve

Difficult market conditions continued in 1992. However, rationalisation, focus and increased manufacturing efficiencies have led to a recovery in Plastic Products. A major turnaround is taking place in the UK, due to greatly improved results at Moss Plastic Parts, Banbury Plastics and Morane. With the key strengths now identified, particularly in caps and plugs in the US and Europe and in Morane, further investments are being made in this business area.

Emerging as strong players

There was another excellent performance by Alliance Plastics in the US, with solid sales growth in all key sectors and occupation of a new 60,000 sq ft warehouse scheduled for 1993, which will greatly facilitate further growth. Alliance's output of caps and plugs, combined with that of Moss in Europe, means that we are now the world leader in this area.

Following the rationalisation of the business at the end of 1991 and the appointment of a new Managing Director, Moss Plastic Parts in Kidlington achieved a dramatic improvement in performance. UK and export volumes have increased and there have been record profits in the Belgian and Dutch distribution operations. The management of Moss and Banbury Plastics has been integrated, which will generate additional operating efficiencies.

Morane has consolidated its position as Europe's leader in plastic encapsulation by taking full advantage of the growing market for identity and security systems. A new extruder, which will treble capacity, will shortly be available to serve this market. Profits rebounded sharply to reach record levels and export sales increased by 62%.

Looking forward to improvement

Webster Plastics was affected by slow auto sales in the first quarter of 1992 and intense price competition at General Motors in the second half of the year. However, significant new business was secured in 1992 which will come on stream in 1993 and should ensure satisfactory progress this year.

Stewart continued to underperform. However, further investment has been made in new technology, a second restructuring took place in September which reduced the workforce by a further 20% (totalling 28% for the year) and the process of disposing of peripheral assets continued. These events, combined with some new senior appointments and product relaunches in both the housewares and gardenwares ranges, should result in an improved return on a much reduced asset base in 1993.

A deep recession has continued in the Brazilian market and our business there was not immune to its effects. It did, however, perform well and the overall impact of the economic conditions was alleviated by the company's use of new technology. Operations there have experienced good sales growth from new products such as thick-walled PET containers and co-extruded tubes which were launched last year. Export sales were nearly double last year's figures.

'The board is confident that the restructuring and revitalising of Bunzl, the potential of its strong businesses and investment in systems have positioned the Company well to improve its performance.'

David Kendall, Chairman

Left to right: David Williams, Anthony Habgood, Paul Hussey, Company Secretary, Lawrence McQuade, David Kendall and Brian McGillivray

David Kendall*† (Age 57)
Chairman since 1990 and non-executive director since 1988. He is also Chairman of the Audit and Remuneration Committees. He was Chief Executive of BP Oil Ltd from 1985 to 1988, Executive Deputy Chairman of British Coal Corporation from 1989 to 1990 and a non-executive director of STC PLC from 1990 to 1991. In 1993 he was appointed Chairman of Whitecroft plc and a non-executive director of Gowrings PLC.

Anthony Habgood† (Age 46)
Chief Executive since 1991. A graduate of Cambridge University and Carnegie Mellon University, Pittsburgh, he was a director of The Boston Consulting Group from 1977 to 1986. He was then appointed as a director of Tootal Group PLC, subsequently becoming Chief Executive until the company was taken over in 1991. He is also a non-executive director of Geest PLC.

David Williams (Age 47)
Finance Director since 1991. A chartered accountant, his early career was with Ranks Hovis McDougall p.l.c. and later in finance positions in Newman Industries plc. He then joined the Tootal Group in 1982 where he was Chief Executive of Branded Clothing and Finance Director of Clothing Operations before being appointed Group Finance Director.

Brian McGillivray*† (Age 51)
Non-executive director since 1978. After periods with Unilever, PA Management Consultants and NFC, he became Managing Director of Rentokil Group PLC from 1976 to 1981. Since 1983 he has been Chairman and Chief Executive of Erskine House Group PLC.

Gurth Hoyer Millar*† (Age 63)
Non-executive director since 1990. He was a director of J Sainsbury plc from 1967 to 1991 and a non-executive director of P&O from 1980 to 1989. Currently, he is Chairman of Bonhams Ltd, City Renaissance PLC, Hudson's Bay Company of Canada, Owen Owen PLC and T J Hughes Ltd and is also a non-executive director of London & Edinburgh Trust Ventures Ltd.

Lawrence McQuade*† (Age 65)
Non-executive director since 1991. An American citizen, he studied Law at Oxford and at the Harvard Law School. From 1983 to 1987 he was Executive Vice President and a director of W R Grace & Co. He is now Vice Chairman of Prudential Mutual Fund Management and Managing Director, Investment Banking, of Prudential Securities Inc. He is also a non-executive director of Quixote Corporation and of Oxford Analytica, Inc.

* Member of the Audit Committee
† Member of the Remuneration Committee

Financial Section

The directors have pleasure in submitting their report and the audited consolidated Accounts of the Company and its subsidiary undertakings for the year ended 31 December 1992.

Principal activities and developments

The principal activities of the Group are set out on pages 6 and 7. Significant changes in these activities which have taken place during 1992 or since the year-end, a review of the Group's developments and performance for the year and an indication of likely future developments are contained in the Chairman's Statement and the Chief Executive's Review.

The largest acquisition made during 1992 was the purchase in July of Camelot Distributing Company. The principal disposal completed during the year was the sale in May of the trade and certain assets of Wycombe Marsh Paper Mills Ltd and Bunzl Specialty Materials Inc.

Results

Group profit on ordinary activities before taxation for 1992 was £45.1 million and profit for the financial year was £27.5 million. Earnings per share on the profit for the year were 6.7p. The Chairman's Statement contains further details of the Group's results and Note 1 to the Accounts sets out a segmental analysis of trading results.

Dividends

An interim dividend of 1.8p was paid during the year and the directors recommend a final dividend of 2.2p per share, making a total for the period of 4.0p. Dividend details are given in Note 7 to the Accounts. Subject to confirmation by the shareholders at the Annual General Meeting on 27 May 1993, the final dividend will be paid on 1 July 1993 to those shareholders on the register at the close of business on 15 April 1993. An amount of £11.1 million will be transferred to reserves.

Scrip dividend alternative

The scrip dividend alternative, which was introduced in 1992, proved popular, especially with the private shareholder. It is again proposed to offer this alternative to shareholders in respect of the final dividend. Full details are set out in a separate letter from the Chairman to shareholders.

Fixed assets and share capital

Changes in tangible fixed assets are shown in Note 11 to the Accounts and details of the Company's share capital and share option schemes are set out in Note 21.

Purchase of own shares

The Company has not purchased any of its own shares pursuant to the existing authority which is due to expire at the conclusion of the forthcoming Annual General Meeting. The directors propose to seek a renewal of this authority for a further year.

Directors
All of the current directors, who are named on page 20, served throughout 1992 and no new appointments were made during the year. Mr David Kendall and Mr Gurth Hoyer Millar retire by rotation at the forthcoming Annual General Meeting. Mr Kendall, being eligible, offers himself for re-election. His current service agreement is due to expire on 31 October 1993. Mr Hoyer Millar does not seek re-appointment. He has no service agreement with the Company.

Directors' interests in ordinary shares and loan stock, all of which are beneficial, are shown in Note 24 to the Accounts. 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 1992.

Directors' remuneration
The base salary, bonus and share option remuneration packages of the executive directors are determined by the Remuneration Committee whose members are named on page 20. The Chief Executive, while a member of the Committee, does not participate in discussions relating to his own remuneration. The bonus arrangements are based primarily on growth in earnings per share and targets are set to align the objectives of the directors with those of shareholders.

Research and development
It is the Group's policy to commit sufficient funds to enable it to keep abreast of all relevant product, process, market and system developments in the fields in which it operates.

Insurance
The Company has an insurance policy providing liability cover for directors and officers of the Group. Such policies are now widely taken out by UK public companies.

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. Bunzl encourages involvement of 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 quarterly magazine, which provides a variety of information on activities and developments within the Group and incorporates an annual financial report, newsletters 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 or training.

Substantial shareholdings
As at 22 March 1993, the directors have been notified by the following shareholders that they are each interested in 3% or more of the issued share capital of the Company. The notifications listed below are those which have been most recently received from the named shareholders.

Shareholder	Date of notification	% of issued share capital
Allied Dunbar and Eagle Star (B.A.T)	01.05.92	5.50
Prudential Corporation	24.09.91	4.98
Sun Life Holdings plc	15.12.92	3.89
Phillips & Drew Fund Management Ltd	28.10.92	3.30
M&G Investment Management Ltd	02.01.92	3.04

The directors are aware that the interest notified by M&G Investment Management Ltd forms part of a larger holding, including shares held by funds managed or advised by M&G Investment Management Ltd which, as at 22 March 1993, represented 9.2% of the Company's issued share capital.

Donations
During 1992, among other worldwide charitable donations, the Group contributed £134,000 to UK charities (1991: £205,000). No contributions were made for political purposes.

Annual General Meeting
The Annual General Meeting will be held at The Tower Thistle Hotel, St. Katharine's Way, London E1 9LD, on Thursday, 27 May 1993 at 10.30 am. The Notice convening the Meeting is set out in a separate letter from the Chairman to shareholders which explains the items of special business.

Tax matters
The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company and there has been no change in that respect since the end of the financial year.

Auditors
A resolution for the re-appointment of KPMG Peat Marwick as auditors of the Company, at a rate of remuneration to be fixed by the directors, will be proposed at the Annual General Meeting.

By Order of the Board

P N Hussey
Secretary
22 March 1993

Consolidated Profit and Loss Account

for the year ended 31 December 1992

	Notes	1992 £m	1991 £m
Sales	1	1,289.4	1,394.7
Net operating charges	2	(1,233.0)	(1,345.0)
Trading profit before exceptional items	1	56.4	49.7
Exceptional items	3	–	(19.3)
Trading profit	1	56.4	30.4
Net interest payable	4	(11.3)	(9.3)
Profit on ordinary activities before taxation		45.1	21.1
Taxation on profit on ordinary activities	5	(16.9)	(14.4)
Profit on ordinary activities after taxation		28.2	6.7
Profit attributable to minorities		(0.7)	(0.4)
Profit before extraordinary items		27.5	6.3
Extraordinary items	6	–	(10.9)
Profit/(loss) for the financial year		27.5	(4.6)
Dividends paid and proposed	7	(16.4)	(16.3)
Retained profit/(loss)		11.1	(20.9)
Earnings per share	8	*6.7p*	*1.5p*

Movements on consolidated reserves are shown in Notes 12 and 22.
The Accounting Policies and Notes on pages 28 to 46 form part of these Accounts.

Consolidated Balance Sheet

at 31 December 1992	Notes	1992 £m	1991 £m
Fixed assets			
Tangible assets	11	131.8	129.6
Associated undertakings	12	9.1	8.8
Investments	13	1.7	2.4
		142.6	140.8
Current assets			
Stocks	14	140.4	130.6
Debtors	15	241.1	247.3
Investments	16	6.2	27.5
Cash at bank and in hand		14.7	19.5
		402.4	424.9
Current liabilities			
Creditors: amounts falling due within one year	17	237.6	208.6
Net current assets		164.8	216.3
Total assets less current liabilities		307.4	357.1
Creditors: amounts falling due after more than one year	18	53.2	117.4
Provisions for liabilities and charges	20	33.5	34.0
Net assets		220.7	205.7
Capital and reserves			
Called up share capital	21	102.4	102.1
Share premium account	22	0.4	0.6
Revaluation reserve	22	6.9	11.1
Merger reserve	22	30.9	31.9
Profit and loss account	22	66.6	46.0
Attributable share of associated undertakings' reserves	12	8.1	7.8
Shareholders' funds		215.3	199.5
Minority interests		5.4	6.2
		220.7	205.7

Approved by the Board of Bunzl plc on 22 March 1993

D W Kendall, Chairman
D M Williams, Finance Director

The Accounting Policies and Notes on pages 28 to 48 form part of these Accounts.

Consolidated Cash Flow Statement

for the year ended 31 December 1992	Notes	1992 £m	1991 £m
Net cash inflow from operating activities	28	83.8	50.4
Returns on investments and servicing of finance			
Interest received		3.2	4.3
Interest paid		(13.9)	(13.7)
Dividends paid		(15.4)	(20.8)
Dividends paid to minority shareholders		(0.2)	(0.2)
Dividends received from associated undertakings		0.9	1.2
Other movements		(0.1)	2.2
Net cash outflow from returns on investments and servicing of finance		(25.5)	(27.0)
Tax paid		(5.4)	(16.9)
Investing activities			
Purchase of tangible fixed assets		(20.1)	(21.0)
Sale of tangible fixed assets		4.0	2.8
Purchase of businesses	10	(6.2)	(2.9)
Sale of investments		0.9	13.8
Sale of businesses	10	6.7	8.6
Other movements		(3.5)	0.2
Net cash (outflow)/inflow from investing activities		(18.2)	1.5
Net cash inflow before financing		34.7	8.0
Financing activities			
Decrease/(increase) in short term deposits with original maturity of more than 90 days		14.6	(3.7)
Increase in short term loans with original maturity of more than 90 days		21.2	8.8
Decrease in long term loans		(77.6)	(34.5)
Net cash outflow from financing	29	(41.8)	(29.4)
Decrease in cash and cash equivalents	30	(7.1)	(21.4)

Cash flows are stated at the average exchange rates for the year. For the purpose of calculating these cash flows the opening and closing balance sheets have been retranslated at the average exchange rates for the year. As a result the movements cannot be ascertained from the figures shown in the consolidated balance sheets.

Company Balance Sheet

at 31 December 1992	Notes	1992 £m	1991 £m
Fixed assets			
Tangible assets	11	12.9	10.3
Investments	13	92.1	96.9
		105.0	107.2
Current assets			
Debtors	15	270.9	240.7
Investments	16	0.4	12.6
		271.3	253.3
Current liabilities			
Creditors: amounts falling due within one year	17	26.4	16.4
Net current assets		244.9	236.9
Total assets less current liabilities		349.9	344.1
Creditors: amounts falling due after more than one year	18	25.1	26.9
Provisions for liabilities and charges	20	8.6	11.8
Net assets		316.2	305.4
Capital and reserves			
Called up share capital	21	102.4	102.1
Share premium account	22	0.4	0.6
Revaluation reserve	22	0.5	–
Special reserve	22	177.2	177.2
Profit and loss account	22	35.7	25.5
		316.2	305.4

Approved by the Board of Bunzl plc on 22 March 1993

D W Kendall, Chairman
D M Williams, Finance Director

The Accounting Policies and Notes on pages 28 to 46 form part of these Accounts.

Accounting Policies

a Basis of presentation
The Accounts have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and have been prepared in accordance with applicable UK Accounting Standards. In order to give a true and fair view, the provisions of the Companies Act 1985 have been departed from as described in Note 22 to these Accounts.

b Comparative figures
Following the issue of the Accounting Standards Board's UITF Abstract 3 - 'Treatment of goodwill on disposal of a business', the prior year comparative figures have been restated. The profit or loss on disposal of a previously acquired business now reflects the amount of goodwill relating to that business previously written off to reserves. The effect of this is to increase the loss from exceptional items in 1991 by £10.6m to £19.3m and to increase the loss from extraordinary items by £0.6m to £10.9m. This change has no overall impact on shareholders' funds, but a transfer has been effected between the merger reserve and profit and loss account in respect of disposals and closures in prior years.

Following the issue of the Accounting Standards Board's UITF Abstract 4 - 'Presentation of long term debtors in current assets', the directors consider it appropriate to reclassify the pension fund prepayment previously included within 'Investments held as fixed assets' to 'Debtors: amounts receivable after more than one year', and accordingly the prior year comparative figures have been restated.

c Basis of consolidation
The consolidated Accounts incorporate the assets and liabilities of the Company and its subsidiary undertakings at 31 December 1992 and their results for the periods during 1992 in which they were part of the Group. The consolidated Accounts include the Group's share of the results and net assets of associated undertakings owned during the financial year. Associated undertakings are those in which the Group holds a substantial shareholding and over which it is able to exercise a significant influence.

Goodwill, being the excess of the cost of interests acquired over the fair value of net tangible assets, is fully written off against reserves on acquisition. On disposal of a business, any goodwill on acquisition is transferred from reserves in determining the profit or loss on disposal.

d Investments in subsidiary undertakings
Where the merger relief provisions of the Companies Act 1985 apply, investments of the Company are accounted for on the basis of the nominal value of shares issued as purchase consideration.

e Discontinued activities
Discontinued activities comprise separately identifiable business segments from which the directors have decided to withdraw. When a decision is made to discontinue an activity, provision is made for the anticipated costs, including the trading results from the date of commencement of implementation of the decision to the anticipated disposal date. Provisions made in connection with the discontinuance of business segments are treated as extraordinary items.

f Foreign currencies
The results of overseas subsidiary and associated undertakings have been translated into pounds sterling at average exchange rates. Assets and liabilities denominated in foreign currencies have been translated at year-end exchange rates, except where a forward exchange contract has been arranged when the contracted rate is used. For Brazil the financial statements have been adjusted to reflect current price levels before translation.

Exchange differences on the retranslation of opening net worth in overseas subsidiary and associated undertakings, net of related foreign currency borrowings and foreign currency hedging contracts, together with differences arising from the use of average and year-end exchange rates, have been taken to reserves.

g Fixed assets
Freehold and leasehold land and buildings are included at cost or valuation on an open market existing use basis, prepared at regular intervals by qualified valuers. All other assets are included at historical cost, less accumulated depreciation. The profit or loss on sale of tangible fixed assets is calculated by reference to historical cost.

h Depreciation
Fixed assets are depreciated over their estimated remaining useful lives at the following annual rates applied to original cost or subsequent valuation less estimated residual value:

Buildings	2% or life of lease if shorter
Plant and machinery	5-35%
Fixtures, fittings and equipment	4-35%

Depreciation is not provided on land.

i Sales
Sales are net sales invoiced to third parties, excluding inter-company transactions, sales by associated undertakings, sales taxes and sales by discontinued business segments from the date of implementation of the decision to discontinue.

j Stocks
Stocks are valued at the lower of cost (on a first in, first out basis) and net realisable value. For work-in-progress and finished goods, cost includes an appropriate proportion of labour and overheads.

k Deferred taxation
Deferred taxation arises from differences in the treatment of certain items for accounting and taxation purposes and is accounted for on the liability method to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

l Pension benefits
The Group operates a number of pension schemes throughout the world, both defined benefit and defined contribution schemes. The assets of these schemes are not included in the consolidated Accounts. Contributions paid to defined benefit schemes operated by the Group are based upon the recommendations of qualified actuaries and are charged against profits on a systematic basis over the expected remaining service lives of participating employees. Independent actuarial valuations of defined benefit schemes are made approximately every three years. Contributions paid to defined contribution schemes are charged to the profit and loss account in the period in which they arise.

1. Segmental analysis

	Sales 1992 £m	Sales 1991 £m	Trading profit 1992 £m	Trading profit 1991 £m	Net operating assets 1992 £m	Net operating assets 1991 £m
Business segment						
Paper and Plastic Disposables	565.2	670.4	31.6	28.4	97.3	85.6
Fine Paper	337.8	333.7	13.0	14.2	100.8	95.5
Building Supplies	206.6	209.9	0.7	1.8	52.0	49.5
Cigarette Filters	102.3	101.7	10.4	7.4	34.8	41.1
Plastic Products	77.5	79.0	6.4	5.0	47.9	50.8
Corporate activities			(5.7)	(7.1)	32.8	22.3
	1,289.4	1,394.7	56.4	49.7	365.8	344.8
Exceptional items (Note 3)			-	(19.3)		
Discontinued activities			-	-	4.6	16.1
Group total	1,289.4	1,394.7	56.4	30.4	370.4	360.9
Country of operation						
UK	237.5	238.1	14.6	12.1	94.5	105.8
Rest of Europe	231.0	260.4	9.2	9.1	65.6	65.8
US	754.5	824.4	34.8	32.8	150.5	131.9
Rest of the world	66.4	71.8	3.5	2.8	22.4	19.0
Corporate activities			(5.7)	(7.1)	32.8	22.3
Exceptional items			-	(19.3)		
Discontinued activities			-	-	4.6	16.1
Group total	1,289.4	1,394.7	56.4	30.4	370.4	360.9
Geographical market supplied						
UK	190.8	195.4				
Rest of Europe	248.0	258.2				
US	767.5	805.6				
Rest of the world	83.1	135.5				
Group total	1,289.4	1,394.7				
Reconciliation to consolidated balance sheet						
Net operating assets as above					370.4	360.9
Interest bearing cash and investments					11.8	35.0
Interest bearing debt (Note 19)					(121.5)	(155.8)
Dividends and corporate taxes (Notes 15 and 17)					(12.7)	(8.2)
Provisions for deferred taxation and discontinued business segments (Note 20)					(27.3)	(26.2)
Net assets					220.7	205.7

2 Net operating charges

	Consolidated 1992 £m	1991 £m
Changes in stocks of finished goods and work-in-progress	(8.2)	12.2
Purchases of finished goods and goods for resale	881.7	968.4
Raw materials and consumables	80.0	78.4
Own work capitalised	(1.0)	(0.5)
Staff costs	155.1	155.2
Depreciation	16.5	16.3
Profit on sale of fixed assets and investments	(0.4)	(0.3)
Auditors' remuneration	1.3	1.3
Hire of plant and machinery and operating lease costs	8.6	7.9
Property rentals	15.0	14.6
Share of profits of associated undertakings	(2.6)	(2.3)
Other operating expenses	87.0	93.8
Net operating charges	1,233.0	1,345.0

Other operating expenses include £0.1m for non-audit work performed by the Company's auditors and their associates.

3 Exceptional items

The 1991 reported exceptional items have been restated as explained in paragraph b of the Accounting Policies on page 28. The restated exceptional items of £19.3m represent the cost of restructuring existing businesses of £17.4m and a loss on disposal of businesses of £1.9m. Restructuring costs were incurred within Fine Paper £2.5m, Building Supplies £3.1m, Plastic Products £10.4m, Cigarette Filters £0.9m and Corporate activities £0.5m. A £0.8m loss was recorded on the sale of two businesses within Cigarette Filters and a £1.1m loss was recorded on the sale of a business within Paper and Plastic Disposables.

4 Net interest payable

	Consolidated 1992 £m	1991 £m
Interest receivable		
On bank deposits and unlisted investments	2.8	4.3
Income from listed investments	0.2	0.2
Total interest receivable	3.0	4.5
Interest payable		
On loan capital, bank loans, overdrafts and other borrowings:		
Repayable within five years, not by instalments	(12.0)	(11.4)
Repayable within five years, by instalments	(2.0)	(0.2)
Repayable wholly or partly in more than five years	(0.1)	(2.0)
Finance lease charges	(0.2)	(0.2)
Total interest payable	(14.3)	(13.8)
Net interest payable	(11.3)	(9.3)

Interest payable includes a credit of £0.3m (1991: £2.1m) for discount on deferred proceeds from the disposal of businesses.

5 Taxation

	Consolidated 1992 £m	1991 £m
UK corporation tax at 33% (1991: 33.25%)	11.3	7.3
Overseas taxes	8.6	12.7
Deferred taxation transfers:		
Accelerated capital allowances	(1.0)	1.7
Pension arrangements and other timing differences	(0.3)	(3.8)
Credit for overseas tax	(2.8)	(3.7)
	15.8	14.2
Associated undertakings	1.3	1.0
Total taxation for year	17.1	15.2
Charged to extraordinary items (Note 6)	(0.6)	(0.8)
Credited to other reserves	0.4	–
Taxation on profit on ordinary activities	16.9	14.4

Deferred taxation not accounted for is £1.7m (1991: £(2.1)m) in respect of accelerated capital allowances and £(0.2)m (1991: £nil) in respect of other timing differences.

6 Extraordinary items

	Consolidated 1992 £m	1991 £m
Profit/(loss) on withdrawal from business segments	0.6	(10.1)
Taxation	(0.6)	(0.8)
Extraordinary loss after taxation	–	(10.9)

The 1991 reported extraordinary items have been restated as explained in paragraph b of the Accounting Policies on page 28. The cash flow effect of extraordinary items is a £4.0m cash inflow (1991: £13.8m inflow) and is shown within investing activities in the Consolidated Cash Flow Statement.

7 Dividends paid and proposed

	Per share 1992	1991	Total 1992 £m	1991 £m
Interim paid 20 November 1992	1.80p	1.80p	7.3	7.3
Proposed final payable 1 July 1993	2.20p	2.20p	9.1	9.0
	4.00p	4.00p	16.4	16.3

8 Earnings per share

	1992	1991
Earnings per share, calculated by dividing earnings of £27.5m (1991: £6.3m) by 408,773,287 (1991: 408,253,743), the weighted average of ordinary shares in issue, are:	6.7p	1.5p

The 1991 reported earnings per share have been restated to reflect the inclusion of £10.6m of goodwill, previously written off to reserves, in the calculation of the profit or loss on disposal of businesses from within continuing business segments. This is explained in paragraph b of the Accounting Policies on page 28.

The dilution in earnings per share, after taking account of the exercise of all outstanding options and the shares that would be issued on conversion of the 7 per cent. Convertible Unsecured Loan Stock 1995/97, would be less than 5%.

9 Directors and employees

The average number of persons employed during the year and the number employed at 31 December by the Group were:

	1992 Year-end	1992 Average	1991 Year-end	1991 Average
Paper and Plastic Disposables	1,996	2,067	2,149	2,216
Fine Paper	1,537	1,513	1,457	1,393
Building Supplies	859	894	929	940
Cigarette Filters	1,375	1,354	1,289	1,561
Plastic Products	1,797	1,898	2,043	2,118
Corporate activities	66	65	67	68
Discontinued activities	241	255	272	607
	7,871	8,046	8,206	8,903

	Consolidated 1992 £m	1991 £m
Employee costs		
Wages and salaries	139.8	147.4
Social security costs	14.8	14.6
Other pension costs	5.0	5.1
	159.6	167.1
The emoluments of the directors of the Company included above were:		
Chairman and non-executive directors	0.2	0.1
Executive directors – Remuneration, excluding bonuses	0.5	0.5
– Annual bonus payments	0.1	0.1
– Pension contributions	–	0.1
– Compensation for loss of office	–	0.3
Total executive directors	0.6	1.0
	0.8	1.1

The emoluments of the Chairman were £90,130 and those of the highest paid director were £388,373 (1991: Chairman and highest paid director £147,758). The highest paid director does not belong to the Group pension scheme.

Remuneration, excluding pension contributions, of directors falls within the following bands:

£	Number of directors 1992	1991	£	Number of directors 1992	1991
Nil to 5,000	–	1	120,001 to 125,000	–	1
10,001 to 15,000	–	1	135,001 to 140,000	–	1
15,001 to 20,000	1	–	140,001 to 145,000	–	1
20,001 to 25,000	2	–	145,001 to 150,000	–	1
25,001 to 30,000	–	2	200,001 to 205,000	1	–
35,001 to 40,000	–	1	385,001 to 390,000	1	–
90,001 to 95,000	1	–			

No director served in an executive capacity for the full year in 1991.
The basis for determining the remuneration of the executive directors is referred to in the Directors' Report on page 23.
Details of directors' share options are contained in Note 24.

10 Acquisitions and disposals

	1992 £m	1991 £m
Acquisitions		
Assets/(liabilities) acquired:		
Fixed assets and investments	0.8	1.0
Stocks	2.2	3.4
Debtors	2.8	2.5
Creditors	(0.9)	(6.0)
Bank overdrafts	(0.5)	(0.2)
Long term loans	–	(4.2)
Minority interest acquired	0.3	–
	4.7	(3.5)
Goodwill	1.0	6.2
Cash consideration	5.7	2.7

The principal acquisition made during 1992 was the purchase in July of Camelot Distributing Company.

On acquisition the net assets/(liabilities) of the businesses acquired were accounted for under the acquisition method of accounting. No material adjustments to the fair value of these assets were required.

The net outflow of cash and cash equivalents in respect of the acquisition of businesses was:

	1992 £m	1991 £m
Cash consideration	5.7	2.7
Bank overdrafts of businesses acquired	0.5	0.2
Net outflow of cash and cash equivalents in respect of the purchase of businesses	6.2	2.9

The businesses acquired during the year have been absorbed into existing activities. As a result, a separate cash flow analysis is not available for these businesses for the period following acquisition.

10 Acquisitions and disposals (continued)

Disposals

During 1992 the trade and certain assets of Wycombe Marsh Paper Mills Ltd, a wholly-owned UK subsidiary undertaking, and Bunzl Specialty Materials Inc, were sold for £10.5m. Additionally, during the year a number of small disposals were completed.

	1992 £m	1991 £m
The effect of the disposals on the net assets of the Group were:		
Fixed assets and investments	6.7	3.6
Stocks	3.5	4.7
Debtors	24.7	3.1
Creditors	(23.9)	(5.3)
Provisions	2.5	(3.3)
Taxation	(0.8)	1.2
Minority interests	(1.7)	-
	11.0	4.0
Goodwill on acquisition	-	11.2
Loss on disposal	(0.2)	(6.6)
Proceeds	10.8	8.6
Satisfied by:		
Cash	6.7	8.6
Loan notes and other deferred consideration	4.1	-
	10.8	8.6

11 Tangible assets

	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Consolidated				
Cost or valuation				
Beginning of year	76.6	109.6	32.7	218.9
Acquisitions less divestments	0.2	(9.5)	(0.5)	(9.8)
Additions	1.7	13.2	5.2	20.1
Revaluations	(13.8)	–	–	(13.8)
Disposals and adjustments	(1.9)	(9.9)	(3.1)	(14.9)
Currency translation movement	7.0	11.5	4.6	23.1
End of year	69.8	114.9	38.9	223.6
Depreciation				
Beginning of year	13.5	56.7	19.1	89.3
Acquisitions less divestments	(0.4)	(4.3)	(0.2)	(4.9)
Charge in year	1.9	10.4	4.4	16.7
Revaluations	(9.4)	–	–	(9.4)
Disposals and adjustments	(0.7)	(6.4)	(3.0)	(10.1)
Currency translation movement	1.1	6.5	2.6	10.2
End of year	6.0	62.9	22.9	91.8
Net book value at 31 December 1992	63.8	52.0	16.0	131.8
Net book value at 31 December 1991	63.1	52.9	13.6	129.6

The net book value of fixed assets includes assets held under finance leases and hire purchase contracts totalling £1.1m (1991: £1.1m). Accumulated depreciation of these assets amounts to £1.2m (1991: £1.1m).

Hillier Parker May and Rowden, Property Consultants, arranged for the valuation of the Group's principal land and buildings on the basis of an open market value for existing use as at 31 December 1992.

The net book value of fixed assets at 31 December 1992 comprised:

	Land £m	*Freehold buildings* £m	*Long leasehold* £m	*Short leasehold* £m	*Plant and machinery* £m	*Fixtures, fittings and equipment* £m	*Total* £m
Consolidated							
At cost	0.3	3.8	2.1	6.4	114.9	38.9	166.4
At valuation in 1992	16.1	37.8	2.5	0.8	–	–	57.2
Cost or valuation	16.4	41.6	4.6	7.2	114.9	38.9	223.6
Depreciation	–	(1.1)	(1.1)	(3.8)	(62.9)	(22.9)	(91.8)
Net book value at 31 December 1992	16.4	40.5	3.5	3.4	52.0	16.0	131.8

11 Tangible assets (continued)

The historical cost and the related depreciation of the tangible fixed assets are:

	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Historical cost	73.9	114.9	38.9	227.7
Depreciation	(17.0)	(62.9)	(22.9)	(102.8)
Net book value at 31 December 1992	**56.9**	**52.0**	**16.0**	**124.9**
Net book value at 31 December 1991	50.9	53.7	14.8	119.4

Future capital expenditure	1992 £m	1991 £m
Commitments not provided for	3.2	1.9
Expenditure authorised but not contracted for	1.2	1.8
	4.4	3.7

	Land £m	Freehold buildings £m	Short leasehold £m	Fixtures, fittings and equipment £m	Total £m
Bunzl plc					
Cost					
Beginning of year	1.0	9.2	1.0	1.2	12.4
Additions	1.7	5.3	-	-	7.0
Revaluations	1.2	(4.7)	-	-	(3.5)
Disposals	(0.4)	(0.6)	-	(0.1)	(1.1)
End of year	3.5	9.2	1.0	1.1	14.8
Depreciation					
Beginning of year	-	0.2	1.0	0.9	2.1
Charge in year	-	-	-	0.1	0.1
Disposals and adjustments	-	(0.2)	(0.1)	-	(0.3)
End of year	-	-	0.9	1.0	1.9
Net book value at 31 December 1992	**3.5**	**9.2**	**0.1**	**0.1**	**12.9**
Net book value at 31 December 1991	1.0	9.0	-	0.3	10.3

12 Associated undertakings

	Consolidated 1992 £m	1991 £m
Share of post-acquisition reserves at beginning of year	7.8	7.6
Share of current year profit after taxation	1.3	1.3
Dividends paid in the year	(0.9)	(1.2)
Currency translation and other movements	(0.1)	0.1
Share of post-acquisition reserves at end of year	8.1	7.8
Cost of investments	1.0	1.0
Investment in associated undertakings	9.1	8.8

The principal associated undertaking is shown on page 46. All associated undertakings were unlisted in 1992.

13 Investments held as fixed assets

	Unlisted £m	Listed £m	Total £m
Consolidated			
Beginning of year at cost less provisions	0.6	1.8	2.4
Additions and transfers	0.7	-	0.7
Disposals and provisions	-	(1.6)	(1.6)
Currency translation movement	0.1	0.1	0.2
End of year at cost less provisions	1.4	0.3	1.7
Market value at 31 December 1992		0.3	
Market value at 31 December 1991		1.8	

The listed investments at 31 December 1992 are listed on stock exchanges outside the UK.

	Investments in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Total £m
Bunzl plc			
Beginning of year at cost less provisions	96.7	0.2	96.9
Additions and transfers	27.4	(0.2)	27.2
Disposals and provisions	(32.0)	-	(32.0)
End of year at cost less provisions	92.1	-	92.1

The investments in subsidiary undertakings at 31 December 1992 are stated net of provisions of £3.4m (1991: £3.5m). Principal subsidiary undertakings are listed on page 46.

14 Stocks

	Consolidated 1992 £m	1991 £m
Raw materials and consumables	9.7	10.2
Work-in-progress	2.9	3.4
Finished goods and goods for resale	127.8	117.0
	140.4	130.6

15 Debtors

	Bunzl plc 1992 £m	Bunzl plc 1991 £m	Consolidated 1992 £m	Consolidated 1991 £m
Amounts receivable within one year				
Trade debtors	0.4	0.4	179.2	188.1
Amounts owed by subsidiary undertakings	163.1	70.8	–	–
Other debtors	–	0.7	13.5	8.5
Prepayments and accrued income	0.3	0.2	12.8	11.7
Corporate taxes	–	–	10.0	16.1
	163.8	72.1	215.5	224.4
Amounts receivable after more than one year				
Amounts owed by subsidiary undertakings	88.1	151.7	–	–
Pension fund prepayment	16.8	16.6	21.0	20.1
Other debtors	2.2	0.3	4.3	2.8
Corporate taxes	–	–	0.3	–
	107.1	168.6	25.6	22.9
	270.9	240.7	241.1	247.3

16 Investments held as current assets

	Bunzl plc 1992 £m	Bunzl plc 1991 £m	Consolidated 1992 £m	Consolidated 1991 £m
Investments in subsidiary undertakings	0.4	0.4	–	–
Listed investments	–	0.5	–	0.6
Short-term deposits	–	11.7	6.2	26.9
	0.4	12.6	6.2	27.5

The listed investments at 31 December 1992 include £nil (1991: £0.5m) which are listed on the London Stock Exchange.

17 Creditors

	Bunzl plc 1992 £m	Bunzl plc 1991 £m	Consolidated 1992 £m	Consolidated 1991 £m
Amounts falling due within one year				
Loans and overdrafts (Note 19)	–	–	68.8	38.9
Payments received on account	–	–	0.8	0.7
Trade creditors	0.1	0.2	101.6	106.7
Amounts owing to subsidiary undertakings	8.8	–	–	–
Dividend proposed	9.1	9.0	9.1	9.0
Corporate taxes	5.0	4.0	13.9	15.3
Other taxation and social security contributions	0.1	0.2	8.0	4.9
Other creditors	–	–	7.6	7.0
Accruals and deferred income	3.3	3.0	27.8	26.1
	26.4	16.4	237.6	208.6

18 Creditors

	Bunzl plc 1992 £m	Bunzl plc 1991 £m	Consolidated 1992 £m	Consolidated 1991 £m
Amounts falling due after more than one year				
Loans (Note 19)	25.0	25.1	52.7	116.9
Amounts owing to subsidiary undertakings	–	1.7	–	–
Accruals and deferred income	0.1	0.1	0.5	0.5
	25.1	26.9	53.2	117.4

19 Loans and overdrafts

	Bunzl plc 1992 £m	Bunzl plc 1991 £m	Consolidated 1992 £m	Consolidated 1991 £m
Falling due after more than one year				
Wholly repayable within five years				
7 per cent. Convertible Unsecured Loan Stock 1995/97	24.9	–	24.9	–
Other loans repayable within five years	0.1	–	26.0	89.5
	25.0	–	50.9	89.5
Wholly repayable after five years				
7 per cent. Convertible Unsecured Loan Stock 1995/97	–	24.9	–	24.9
Other loans repayable after five years	–	0.2	–	0.2
	–	25.1	–	25.1
Repayable by instalments				
Instalments due within five years	–	–	0.5	1.1
Instalments due after more than five years	–	–	0.4	0.8
	–	–	0.9	1.9
Obligations under finance leases	–	–	0.9	0.4
Loans falling due after more than one year	25.0	25.1	52.7	116.9
Loans falling due within one year	–	–	68.8	38.9
Total loans and overdrafts	25.0	25.1	121.5	155.8
The total borrowings are repayable:				
Within one year	–	–	68.8	38.9
Between one and two years	–	–	25.9	35.0
Between two and five years	25.0	–	26.4	56.0
After more than five years	–	25.1	0.4	25.9
	25.0	25.1	121.5	155.8
Obligations under finance leases included above are repayable:				
Within one year	–	–	0.4	0.3
Between one and five years	–	–	0.9	0.4
	–	–	1.3	0.7

The aggregate of bank loans and overdrafts is £95.6m (1991: £129.1m). Loans amounting to £4.0m (1991: £4.3m) are secured by either fixed or floating charges on various assets of the relevant companies. Since 31 December 1992 £30.7m of borrowings repayable within one year have been renegotiated for a further five years on variable interest rate terms linked to Deutschmark LIBOR. Loans wholly repayable within five years include £25.2m drawn under a bilateral facility maturing on 30 June 1994 at variable interest rates linked to US$ LIBOR. Other loans are at various market rates.

£24.9m of 7 per cent. Convertible Unsecured Loan Stock 1995/97 remains outstanding and is convertible between 1993 and 1995 into 13,692,725 ordinary shares at a conversion rate of 75.7p nominal of ordinary share capital per 550p of loan stock.

20 Provisions for liabilities and charges

	Bunzl plc 1992 £m	Bunzl plc 1991 £m	Consolidated 1992 £m	Consolidated 1991 £m
Pensions	–	–	3.2	3.8
Discontinued business segments	4.8	9.6	15.1	16.8
Deferred taxation (Note 23)	2.7	1.0	12.2	9.4
Other	1.1	1.2	3.0	4.0
	8.6	11.8	33.5	34.0

Movements Consolidated

	Pensions £m	Discontinued business segments £m	Deferred taxation £m	Other £m	Total £m
Beginning of year	3.8	16.8	9.4	4.0	34.0
Acquisitions and disposals	–	2.5	(0.8)	–	1.7
Charge in year	0.2	4.0	(1.3)	–	2.9
Amounts utilised or transferred in year	(1.2)	(9.2)	4.3	(1.1)	(7.2)
Currency translation movement	0.4	1.0	0.6	0.1	2.1
End of year	3.2	15.1	12.2	3.0	33.5

The discontinued business segments provision has been stated after charging:

	1992 £m	1991 £m
Staff costs	4.5	11.9
Depreciation	0.2	1.2
Hire of plant and machinery and operating lease costs	0.1	1.7

21 Share capital

		1992 £m	1991 £m
Authorised: 550 million (1991: 550 million) ordinary shares of 25p each		137.5	137.5
Issued and fully paid ordinary shares of 25p each		102.4	102.1
Number of ordinary shares in issue			
Beginning of year		408,314,845	408,212,487
Issued during year	– loan stock conversions	14,565	3,127
	– option exercises	109,849	99,231
	– scrip dividends	968,998	–
End of year		409,408,257	408,314,845

21 Share capital (continued)

Details of share options granted and exercised during 1992 and those outstanding at 31 December 1992 under the Company's Savings-Related Share Option Scheme (1981), the Sharesave Scheme (1991), the Senior Executive Share Option Scheme and the Executive Share Option Scheme (No. 2) are set out below:

Scheme	1992 Grants Number	1992 Grants Price (p)	1992 Exercises Number	1992 Exercises Price (p)	Outstanding options at 31.12.92 Number	Outstanding options at 31.12.92 Price (p)
Savings-Related Scheme (1981)	-	-	53,758	68.0	1,541,241	68.0-196.0
Sharesave Scheme (1991)	2,148,094	72.0- 78.0	1,072	76.0- 78.0	2,301,410	72.0- 78.0
Senior Executive Scheme	-	-	28,014	84.0	1,784,965	84.0-249.0
Executive Scheme (No.2)	2,921,201	86.7-106.0	27,005	84.0-147.9	8,944,989	84.0-249.0
	5,069,295		109,849		14,572,605	

The outstanding options are exercisable at various dates up to September 2002. An amendment to the rules of the Sharesave Scheme (1991) will be proposed at the forthcoming Annual General Meeting. Full details are contained in the accompanying letter from the Chairman to shareholders.

22 Movements on reserves

	Share premium account £m	Revaluation reserve £m	Merger reserve £m	Profit and loss account £m
Consolidated				
Beginning of year as previously reported	0.6	11.1	(55.6)	133.5
Goodwill realised on past disposals and closures	-	-	87.5	(87.5)
Beginning of year as restated	0.6	11.1	31.9	46.0
Premium on exercise of share options	0.1	-	-	-
Capitalisation of scrip dividends	(0.3)	-	-	0.9
Realised revaluation surplus	-	(0.5)	-	-
Revaluation of fixed assets	-	(4.2)	-	-
Goodwill written off	-	-	(1.0)	-
Dividends from associated undertakings	-	-	-	0.9
Transfers	-	(0.1)	-	0.1
Realisation of associated undertakings' reserves	-	-	-	0.3
Currency translation movement	-	0.6	-	8.6
Retained profit (excluding associated undertakings)	-	-	-	9.8
End of year	0.4	6.9	30.9	66.6

The prior year comparative figures have been restated as explained in paragraph b of the Accounting Policies on page 28.

Currency profits/(losses) of £2.4m (1991: £(3.8)m) relating to foreign currency exchange contracts and borrowings to finance investment overseas have been included within the currency translation movement in the profit and loss account.

Included within the merger reserve is £177.2m, being the special reserve of the Company.

As at 31 December 1992 the cumulative amount of goodwill written off in respect of acquisitions, net of goodwill attributable to subsidiary undertakings disposed of or closed, was £187.2m (1991: £186.2m).

22 Movements on reserves (continued)

	Share premium account £m	Revaluation reserve £m	Special reserve £m	Profit and loss account £m
Bunzl plc				
Beginning of year	0.6	–	177.2	25.5
Premium on exercise of share options	0.1	–	–	–
Capitalisation of scrip dividends	(0.3)	–	–	0.9
Revaluation of fixed assets	–	0.5	–	–
Loss for the year before dividends receivable	–	–	–	(4.7)
Dividends receivable from subsidiary undertakings	–	–	–	30.4
Dividends paid and proposed	–	–	–	(16.4)
End of year	0.4	0.5	177.2	35.7

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company has not been separately presented in these Accounts.

As permitted under paragraph 15 of Schedule 4 to the Companies Act 1985, the directors consider it appropriate to depart from paragraph 12(a) of Schedule 4 to the Companies Act 1985, having implemented SSAP 24 – 'Accounting for pension costs'. As a result, cumulative unrealised profits of £11.2m (1991: £11.1m) relating to pension costs have been included in the profit and loss account. This amount is not considered to be distributable. The amount of unrealised profit included in the results for the year is £0.1m (1991: £1.6m).

The special reserve arose from the cancellation of the share premium account in 1987 and 1988 and at the present time is not considered to be distributable.

23 Deferred taxation

	Bunzl plc 1992 £m	Bunzl plc 1991 £m	Consolidated 1992 £m	Consolidated 1991 £m
Accelerated capital allowances	0.4	0.3	3.8	5.0
Pension provisions and other timing differences	5.3	5.1	11.4	8.8
Advance corporation tax recoverable	(3.0)	(4.4)	(3.0)	(4.4)
	2.7	1.0	12.2	9.4
The potential liability for deferred taxation not provided above is:				
Accelerated capital allowances	–	–	1.0	2.8
Other timing differences	–	–	(0.2)	–
Capital gains on disposal of properties	–	–	8.8	3.6
	–	–	9.6	6.4

No provision has been made for potential corporate taxation on the unrealised revaluation surpluses in respect of properties which are expected to be held for the foreseeable future.

24 Directors' ordinary share interests

	Ordinary shares		Options	
	31.12.92	1.1.92	31.12.92	1.1.92
D W Kendall	40,909	40,000	–	–
A J Habgood	20,819	20,000	1,068,042	900,000
B McGillivray	10,000	10,000	–	–
G C Hoyer Millar	20,000	20,000	–	–
L C McQuade	12,000	12,000	–	–
D M Williams	7,806	7,500	450,569	375,000
	111,534	109,500	1,518,611	1,275,000

Increases in shareholdings shown above are the result of the directors concerned electing to take the scrip dividend alternative. Options shown above have been granted under either the Executive Share Option Scheme (No.2) or the Sharesave Scheme (1991). During 1992 options in respect of 168,042 and 75,569 ordinary shares were granted to Mr A J Habgood and Mr D M Williams respectively and no options were exercised by any director. Options under the Executive Share Option Scheme (No.2) are granted based upon a multiple of the relevant directors' earnings. None of the directors named above held any interest in the Company's 7 per cent. Convertible Unsecured Loan Stock 1995/97 at 1 January 1992 or 31 December 1992. No change in the directors' interests shown above has taken place between 31 December 1992 and 22 March 1993.

25 Contingent liabilities

	Bunzl plc		Consolidated	
	1992 £m	1991 £m	1992 £m	1991 £m
Bills discounted	–	–	2.5	2.4
Bank guarantees	82.5	115.8	1.5	1.4
Other items	–	–	10.4	5.4

The bank guarantees of the Company include £82.4m (1991: £115.7m) of guarantees provided on behalf of subsidiary undertakings.

26 Pensions

The Group operates both defined benefit and defined contribution pension schemes throughout the world. The funds of the principal schemes are administered by trustees and are held independently from the Group.

As permitted by SSAP 24, the pension fund surpluses arising in the principal UK defined benefit schemes were included in the balance sheet on the implementation of the standard. Subsequent valuations have shown further actuarial surpluses in the UK schemes. The regular pension cost of the principal UK defined benefit schemes is offset by amortisation of the additional surpluses over the average remaining service lives of current employees and by interest arising on the surpluses.

The net pension cost for the Group was £5.0m (1991: £5.1m) of which £2.8m (1991: £3.3m) was in respect of principal defined benefit schemes, which provide benefits based on final pensionable salary, and is assessed in accordance with the advice of independent qualified actuaries.

The results of the most recent actuarial valuations of the principal defined benefit schemes were:

	UK	US
Date of most recent valuations	6 April 1991	1 January 1992
Method used	Projected unit method	Projected unit method
Main assumptions:		
Investment return/return on assets per annum	9.5%	8%
Salary increases per annum	7.5%	8% up to age 40 and 5% for ages over 40
Market value of investments at last valuation date	£47.8m	£6.8m
Level of funding, being the actuarial value of assets expressed as a percentage of the accrued service liabilities	120-123%	66-118%

The Group operates other schemes overseas in accordance with local practice and legislation. Some of these schemes are externally funded, whilst others are internally funded, the amount set aside being shown in provisions for liabilities and charges.

27 Operating lease commitments

	Land and buildings 1992 £m	Other 1992 £m	Land and buildings 1991 £m	Other 1991 £m
Operating leases				
At 31 December the Group had the following annual commitments under non-cancellable operating leases:				
Expiring within one year	1.9	1.5	0.9	1.1
Expiring between two and five years	10.6	6.0	10.0	5.8
Expiring after five years	7.6	1.8	7.0	0.8
	20.1	9.3	17.9	7.7

28 Reconciliation of trading profit to net cash inflow from operating activities

	Consolidated 1992 £m	1991 £m
Trading profit	56.4	30.4
Adjustments for non cash items:		
Depreciation	16.7	17.5
Share of profits of associated undertakings	(2.6)	(2.3)
(Profit)/loss on divestments	(0.5)	6.0
Profit on sale of fixed assets	(0.4)	–
Others	(1.8)	(5.9)
Working capital movement:		
Stocks	8.6	16.7
Debtors	(0.5)	(1.4)
Creditors	7.9	(10.6)
Net cash inflow from operating activities	83.8	50.4

29 Analysis of changes in financing

	Consolidated 1992 £m	1991 £m
Beginning of year	108.7	128.0
Net cash outflow from financing	(41.8)	(29.4)
Long term loans of subsidiary undertakings acquired	–	4.2
Currency translation movement	29.4	5.9
End of year	96.3	108.7

Financing comprises loans and finance lease obligations due after more than one year and loans due within one year with an original maturity of more than 90 days of £44.1m (1991: £6.8m), less short term deposits with an original maturity of more than 90 days of £0.5m (1991: £15.0m).

30 Analysis of changes in cash and cash equivalents

	Consolidated 1992 £m	1991 £m
Beginning of year	(0.1)	20.8
Net decrease in cash and cash equivalents	(7.1)	(21.4)
Currency translation movement	2.9	0.5
End of year	(4.3)	(0.1)

Cash and cash equivalents comprise cash at bank and in hand, short term deposits with an original maturity of less than 90 days of £5.7m (1991: £11.9m) and listed investments held as current assets, less loans and overdrafts due within one year with an original maturity of less than 90 days of £24.7m (1991: £32.1m).

Principal subsidiary and associated undertakings

Subsidiary undertakings	Country of incorporation
Paper and Plastic Disposables	
Bunzl Australia Ltd	Australia
Bunzl Distribution USA Inc	USA
G B Goldman Paper Co	USA
The Paper Group Inc (65%)	USA
Fine Paper	
Bunzl Fine Paper Ltd*	
Bunzl Italia SpA	Italy
Wilhelm Seiler GmbH	Germany
Building Supplies	
Bunzl Building Supply Inc	USA
Cigarette Filters	
Cigarette Components Ltd	
Filtrona Filter GmbH	Germany
Filtrona Instruments & Automation Ltd	
Filtrona International Ltd*	
Filtrona Ltd	
Österreichische Zigarettenfilter GmbH (51%)	Austria
Plastic Products	
Bunzl Plastics Inc	USA
Bunzl Plastics Ltd*	
Filtrona Brasileira Industria e Comercio Ltda	Brazil
Corporate activities	
Bunzl Finance plc*	
Bunzl USA Inc	USA

Associated undertakings	
Filtrati SpA (49%)	Italy

The companies named above are the principal subsidiary and associated undertakings of Bunzl plc as at 31 December 1992 and are included in the consolidated Accounts of the Group. They are incorporated in England and Wales and are wholly-owned, unless otherwise stated. The investments in these companies, as shown above, relate to ordinary shares or common stock. The principal country in which each company operates is the country of incorporation. The principal activities of the business areas are reviewed on pages 10 to 19. The Company has taken advantage of the provisions of Section 231(3) of the Companies Act 1985 in respect of a subsidiary undertaking.

*Direct subsidiary undertakings of Bunzl plc.

Auditors' Report

To the Members of Bunzl plc

We have audited the Accounts on pages 24 to 46 in accordance with Auditing Standards.

In our opinion the Accounts give a true and fair view of the state of affairs of the Company and the Group at 31 December 1992 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG Peat Marwick
Chartered Accountants
Registered Auditors
London

22 March 1993

Consolidated Profit and Loss Account in US $

for the year ended 31 December 1992	1992 $m	1991 $m
Sales	2,269.3	2,482.6
Net operating charges	(2,170.0)	(2,394.1)
Trading profit before exceptional items	99.3	88.5
Exceptional items	–	(34.4)
Trading profit	99.3	54.1
Net interest payable	(19.9)	(16.6)
Profit on ordinary activities before taxation	79.4	37.5
Taxation on profit on ordinary activities	(29.8)	(25.6)
Profit on ordinary activities after taxation	49.6	11.9
Profit attributable to minorities	(1.2)	(0.7)
Profit before extraordinary items	48.4	11.2
Extraordinary items	–	(19.4)
Profit/(loss) for the financial year	48.4	(8.2)
Dividends paid and proposed	(28.9)	(29.0)
Retained profit/(loss)	19.5	(37.2)
Earnings per share	11.8c	2.7c

Note
The above information is given for illustrative purposes only for the convenience of US investors and has been prepared by translating the consolidated profit and loss account prepared in accordance with UK GAAP on page 24 into US dollars at the average exchange rate for the year of £1: $1.76 (1991: £1: $1.78).

Consolidated Balance Sheet in US $

at 31 December 1992	1992 $m	1991 $m
Fixed assets		
Tangible assets	199.0	242.3
Associated undertakings	13.7	16.5
Investments	2.6	4.5
	215.3	263.3
Current assets		
Stocks	212.0	244.2
Debtors	364.0	462.5
Investments	9.4	51.4
Cash at bank and in hand	22.2	36.5
	607.6	794.6
Current liabilities		
Creditors: amounts falling due within one year	358.8	390.1
Net current assets	248.8	404.5
Total assets less current liabilities	464.1	667.8
Creditors: amounts falling due after more than one year	80.3	219.5
Provisions for liabilities and charges	50.5	63.6
Net assets	333.3	384.7
Capital and reserves		
Called up share capital	154.6	190.9
Share premium account	0.6	1.1
Revaluation reserve	10.4	20.8
Merger reserve	46.7	59.7
Profit and loss account	100.6	86.0
Attributable share of associated undertakings' reserves	12.2	14.6
Shareholders' funds	325.1	373.1
Minority interests	8.2	11.6
	333.3	384.7

Note

The above information is given for illustrative purposes only for the convenience of US investors and has been prepared by translating the consolidated balance sheet in accordance with UK GAAP on page 25 into US dollars at the year-end exchange rate of £1:$1.51 (1991: £1:$1.87).

Corporate Information

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P N Hussey

Registered office
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Registrar
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Redcliffe Way *Bristol* BS99 7NH
Telephone 0272 306666 Fax 0272 306660

Auditors
KPMG Peat Marwick

Stockbrokers
Cazenove & Co

Merchant bankers
S G Warburg & Co Ltd

Principal bankers
National Westminster Bank Plc
Swiss Bank Corporation
Westdeutsche Landesbank Girozentrale

Shareholder Information

Financial calendar

1993		1994	
27 May	Annual General Meeting	2 January	1993 interim dividend paid
1 July	*1992 final dividend paid*		
Early September	Announcement of 1993 interim results		

The preliminary announcement of annual results is usually made in late March.

The conversion period for holders of 7 per cent. Convertible Unsecured Loan Stock 1995/97 during 1993 is 1 to 31 May. Interest on this loan stock is payable on 2 January and 1 July each year.

Further information

The current price of Bunzl plc's ordinary shares and its 7 per cent. *Convertible Unsecured Loan Stock 1995/97* can be obtained by telephoning Financial Times Cityline on 0891 43 2009 and 0891 43 2008 respectively. *Calls to 0891 numbers cost 36p per minute* cheap rate and 48p per minute at other times, inclusive of VAT.

Bunzl plc's SEAQ number *on the* TOPIC screen is 50509.

Copies of Bunzl World, Bunzl's in-house magazine, are available from: *Bunzl plc*, Stoke House, Stoke Green, Stoke Poges, *Slough SL2 4JN Telephone 0753 693693 Fax 0753 694694*

Analysis of Ordinary Shareholders

at 31 December 1992	Number of shareholders	% of issued share capital
Size of holding		
0-10,000	6,849	3
10,001-100,000	550	4
100,001-500,000	198	12
500,001-1,000,000	59	10
1,000,000 and over	97	71
	7,753	100

at 31 December 1992	Number of shareholders	% of issued share capital
Type		
Nominees	1,202	68
Insurance companies	56	14
Private	6,162	6
Pension funds	18	4
Others	315	8
	7,753	100

Group Five Year Summary

	1992 £m	1991 £m	1990 £m	1989 £m	1988 £m
Sales	1,289.4	1,394.7	1,459.1	1,641.1	1,745.9
Trading profit before exceptional items	56.4	49.7	59.7	80.6	102.0
Exceptional items	–	(19.3)	(3.3)	(15.3)	–
Trading profit	56.4	30.4	56.4	65.3	102.0
Interest receivable and investment income	3.0	4.5	6.5	7.7	10.4
Interest payable	(14.3)	(13.8)	(11.9)	(22.9)	(19.1)
Profit on ordinary activities before taxation	45.1	21.1	51.0	50.1	93.3
Taxation on profit on ordinary activities	(16.9)	(14.4)	(21.3)	(24.4)	(34.2)
Profit on ordinary activities after taxation	28.2	6.7	29.7	25.7	59.1
Profit attributable to minorities	(0.7)	(0.4)	(0.9)	(1.7)	(2.2)
Profit before extraordinary items	27.5	6.3	28.8	24.0	56.9
Extraordinary items	–	(10.9)	(6.5)	(60.1)	(97.6)
Profit/(loss) for the financial year	27.5	(4.6)	22.3	(36.1)	(40.7)
Dividends paid and proposed	16.4	16.3	24.1	24.1	23.2
Dividends per share	4.0p	4.0p	5.9p	5.9p	5.7p
Earnings per share	6.7p	1.5p	7.1p	5.9p	14.0p
Shareholders' funds per share	52.6p	48.9p	52.7p	57.3p	60.1p
Net assets employed					
Fixed assets	142.6	140.8	148.5	155.9	220.4
Net current assets and other liabilities	78.1	64.9	72.1	84.7	29.9
Net assets	220.7	205.7	220.6	240.6	250.3
Financed by					
Shareholders' funds	215.3	199.5	215.2	233.7	244.8
Minority interests	5.4	6.2	5.4	6.9	5.5
	220.7	205.7	220.6	240.6	250.3

The prior year comparative figures have been restated as explained in paragraph b of the Accounting Policies on page 28.

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