

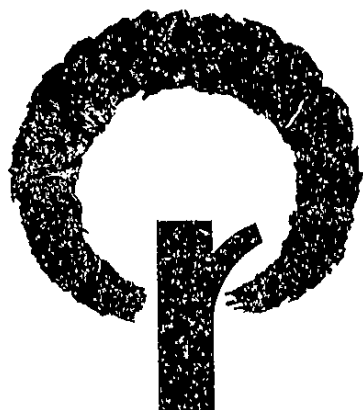




# CONTENTS

Directors	1
Chairman's Statement	3
Financial Highlights	6
Five Year Review	7
Group Companies	8
Directors' Report	9
Statement of Aims	17
Annual Accounts	29
Auditors' Report	42
Group Financial Review	43
Notice of Meeting	44
People and Places	45
Financial Calendar	61

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Rowntree plc

**DIRECTORS** Executive: ♣ KHM DIXON Chairman  
♣ D CRAMB CBE Deputy Chairman  
♣ PH BLACKBURN Chairman UK & Ireland Region ♣ DB BOWDEN  
Group Finance Director ♣ T COPLEY Chairman International Region  
♣ J GUERIN Chairman European Region ♣ RA KANER Director International  
Marketing Policy Development ♣ JL MACKINLAY Director Group Human  
Resources ♣ NJ NIGHTINGALE Company Secretary & Solicitor  
♣ R SUGDEN Chairman North American Region Non-Executive: ♣ DE COOK  
Deputy Chairman Pilkington plc ♣ SIR MICHAEL FRANKLIN KCB CMG  
Director Barclays Bank PLC ♣ JAP TREASURE Vice-Chairman Saatchi &  
Saatchi Advertising Limited ♣ SIR GRAHAM WILKINS Chairman Thorn EMI plc

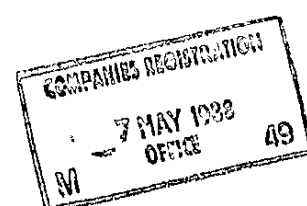




Figure 11.10

# Chairman's Statement

PROFITS GREW STRONGLY IN 1987. PRE-TAX PROFITS WERE 33% UP ON 1986 AT £112.1 MILLION, AND EARNINGS PER SHARE INCREASED BY 17% TO 40.8P.

The board is proposing to pay a final dividend of 10.5p per share, making a total for the year of 15.5p, 14% up on 1986.

The confectionery businesses performed particularly well; trading profits were up 20% on a per annum basis. In the UK, intensive and sustained efforts to improve profitability resulted in higher margins and lifted the trading profit to £51 million. In continental Europe, long term investment in our international brands has added another year of substantial progress: sales volumes grew by 11% and profits doubled to £11 million. In North America, Sunmark, in its first full year with the group, contributed trading profit of £16 million.

Our UK grocery company, Rowntree Sun-Pat, had an excellent year, successfully integrating the newly acquired Gale's brand into its range and continuing the profit and sales growth of recent years.

Our retailing companies, accounting for 5% of trading profit, made steady progress. In North America they were reorganised under a single management team so as to concentrate efforts and achieve maximum operational efficiency.

Our two snack food companies, Tom's Foods in the USA and Rowntree Snack Foods (formerly Sooner Foods) in the UK, had difficult trading years. Trading profits at Tom's Foods were 26% down in US dollars, 33% down in sterling. Rowntree Snack

Foods' trading profits were the same as in 1986, but were below the results of earlier years. As already announced the board decided that the resources needed for us to make these businesses long term competitive successes could be better invested in activities closer to the main operations of the group. The process of selling both companies is now in its concluding stages.

The performances of the trading companies are described in detail in the Directors' Report.

The group's strategy remains unchanged: to grow profitably on a worldwide scale through the aggressive marketing of high quality branded foods.

Our principal business remains confectionery where we are in the top three in the world and have an unrivalled collection of chocolate and sugar confectionery brands, many world famous. We intend to make sure they stay amongst the leaders and are regularly strengthened by new additions. Research and development effort is being increased: for example, two new research centres will open in 1988, which will demonstrate our commitment to product and process innovation and to product quality. Consumer advertising, which has long been at the heart of our branding strategy, is being kept at competitive levels. Production quality and production efficiency, backed by sustained investment in plant and equipment, have high priority. And vital to the consumer is, as ever, a vital component.

Our other businesses are potentially of great importance to the group. Our objectives here are to build upon our highly successful UK grocery business, and to develop our international retailing of confectionery and related products. In these two

areas our existing proven skills will provide a sound platform for profitable growth.

Two aspects of the group's worldwide structure are particularly worthy of comment. In continental Europe we have sales of £300 million and the group is well placed to benefit from the Single European Market which the Community is committed to have completed by the end of 1992. Rowntree has long been aware of the potential of the European market and by investing on the continent for over two decades has built up an important range of international and national brands. North America remains a major source of opportunities and we shall continue to look for development in that enormous market.

This year we are for the first time sending copies of the Annual Report to our employees, and its form and style will be, I hope, of interest to this wider audience. Moreover, the text is being translated into five languages. This innovation demonstrates Rowntree's commitment to the involvement of all its employees and is in character with the pioneering international share option scheme introduced in 1977 and, last year, over-subscribed four times.

The group's achievements are those of its employees and the board offers its sincere thanks to all of them. They have every right to be proud of their success.

Shareholders will, we believe, continue to welcome the group's commitment to be a good citizen in all the countries in which we operate. In the UK we are members of the Per Cent Club and give close support to Business in the Community. More details appear on page 15 of the Report.

A number of important changes to the membership of the board have taken place or are about to do so.

Mr Derek Cook, deputy chairman of Pilkington plc, joined the board as a non-executive director in July 1987. Sir Michael Franklin, until recently permanent secretary at the Ministry of Agriculture, Fisheries and Food, and since his retirement from public service, a non-executive director of Barclays Bank PLC and other public companies, joined the board in March 1988. Both these gentlemen, who bring great ability and wide experience to the board, will be seeking re-election at the annual general meeting.

In May 1988, Mr David Cramb will retire from the group after twenty-six years' service, twenty years as a group board director, during which he has performed a variety of roles with vigour and success, including, since March 1986, that of deputy chairman of the board. The board will miss his robust counsel and wishes him much happiness in his retirement.

The board intends to appoint Sir Graham Wilkins, who has been a non-executive director since 1984, and is chairman of Thorn EMI plc, as non-executive deputy chairman on Mr Cramb's retirement.



15 March 1988

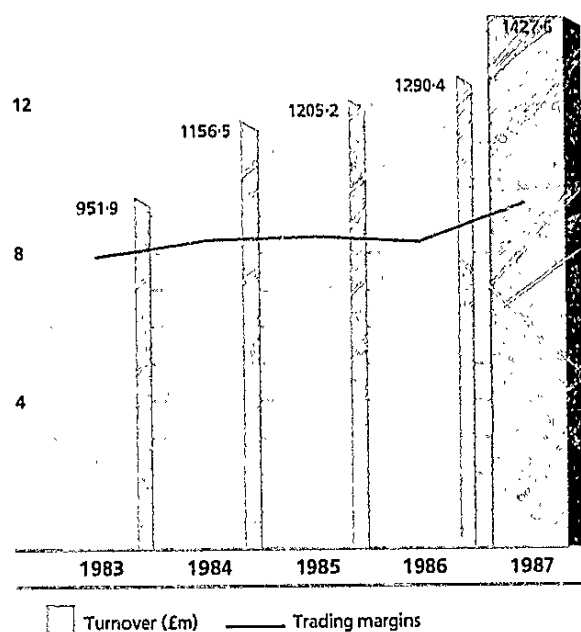
# Financial Highlights

	1986	1987	% increase
Turnover £m	1290.4	1427.6	11
Trading Profit £m	105.7	130.1	23
Profit before Taxation £m	84.0	112.1	33
Earnings per Ordinary Share pence	35.0	40.8	17
Ordinary Dividends pence	13.6	15.5	14
Capital Expenditure £m	82.5	76.2	
Number of Employees	32,180	33,120	

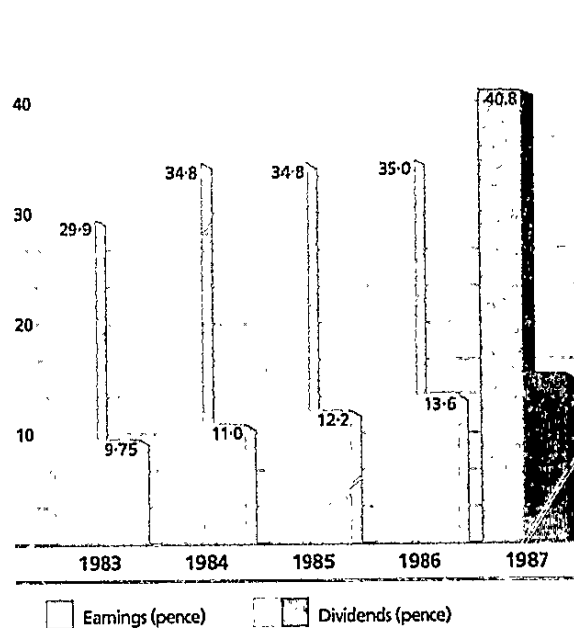


# Five Year Review

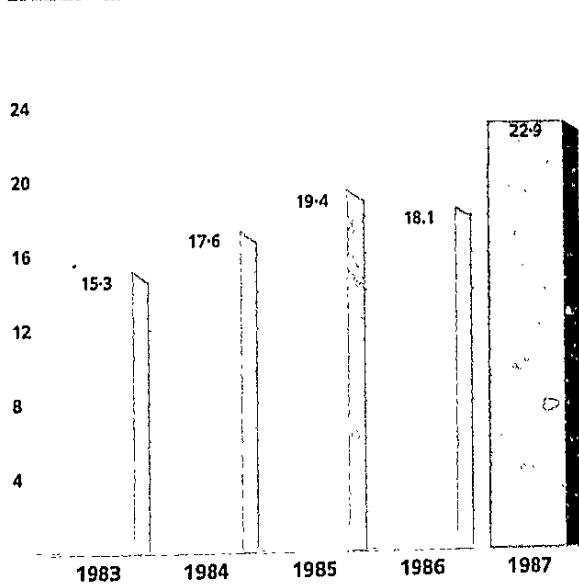
% **TURNOVER AND TRADING MARGINS**



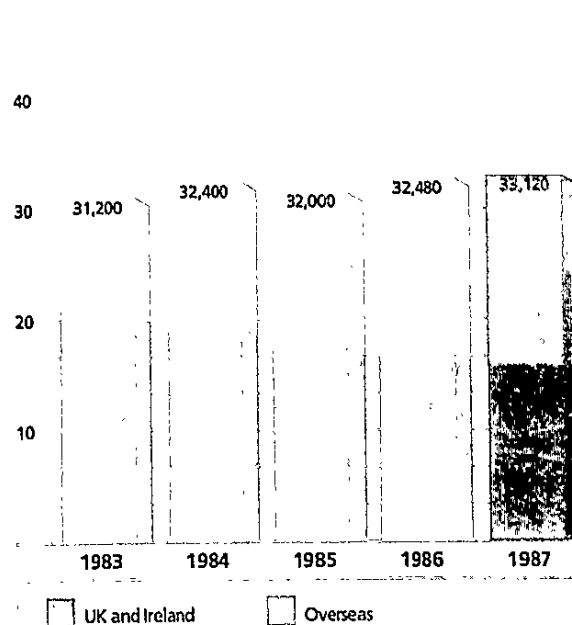
pence **EARNINGS/DIVIDENDS PER ORDINARY SHARE**



% **RETURN ON CAPITAL**



thousands **AVERAGE NUMBER OF EMPLOYEES**



# Group Companies

		Country of registration or incorporation
PARENT COMPANY		
Rowntree plc		England
PRINCIPAL SUBSIDIARY COMPANIES		
UK AND IRELAND REGION		
P H Blackburn <i>Regional Chairman</i>		
Rowntree Mackintosh Confectionery Ltd*	G Millar <i>Managing Director</i>	England
Rowntree Sun-Pat Ltd*	J L Halsall <i>Managing Director</i>	England
Rowntree Distribution Ltd*	J M Reid <i>Managing Director</i>	England
Rowntree Snack Foods Ltd*	D J Thomson <i>Managing Director</i>	England
Holgates Honey Farm Ltd*	P A Saunders <i>Managing Director</i>	England
Restaurants International Ltd*†	A G da Costa <i>Deputy Chairman</i>	England
Rowntree Mackintosh (Ireland) plc*	P Marron <i>Managing Director</i>	Ireland
INTERNATIONAL REGION		
T Copley <i>Regional Chairman</i>		
P R Hopwood <i>Deputy Regional Chairman</i>		
Wilson-Rowntree (Pty) Ltd†	J A Rich <i>Managing Director</i>	South Africa
Rowntree Hoadley Ltd	T G Westbrook <i>Managing Director</i>	Australia
Rowntree Mackintosh Export Ltd*	P R Hopwood <i>Managing Director</i>	England
NORTH AMERICAN REGION		
R Sugden <i>Regional Chairman</i>		
Tom's Foods Inc	G M Dillon <i>President</i>	United States
Sunmark Inc	J P Gagliarducci <i>President</i>	United States
Hot Sam Companies, Inc	R G Portman <i>President</i>	United States
The Original Cookie Company Inc	R G Portman <i>President</i>	United States
Rowntree DeMet's Inc	M F Gilmore <i>President</i>	United States
Rowntree Ltd/Ltée	M T Kolonel <i>President</i>	Canada
Laura Secord Inc	F Van Parys <i>President</i>	Canada
EUROPEAN REGION		
J Guerin <i>Regional Chairman</i>		
G D Neal <i>Deputy Regional Chairman</i>		
Rowntree Mackintosh SA	C Gilleron <i>Chief Executive</i>	France
Sego-Martial SA†	J Laplace <i>Chief Executive</i>	France
Rowntree Mackintosh GmbH	K H Gohlke <i>Chief Executive</i>	West Germany
Rowntree Mackintosh BV	A G Wijt <i>Chief Executive</i>	Netherlands
Rowntree Mackintosh NV	H de Ridder <i>General Manager</i>	Belgium
Rowntree Mackintosh SpA	M J Allen <i>Chief Executive</i>	Italy
Rowntree Mackintosh SA	M J Allen <i>Chief Executive</i>	Spain
Rowntree Mackintosh AB	S Liljegren <i>General Manager</i>	Sweden
Rowntree Mackintosh European Exports Ltd*	K Haigh <i>Managing Director</i>	England
FINANCE AND ADMINISTRATION		
Rowntree Mackintosh International Ltd*		England
Rowntree Mackintosh International BV		Netherlands
Rowntree Mackintosh Inc		United States

*The above companies are wholly owned. \*Direct subsidiaries of the parent company. †Auditors other than Price Waterhouse. For all companies the country of registration or incorporation is also the principal country of operation.*

# Directors' Report

The Rowntree group's principal activity is the manufacture and sale throughout the world of confectionery and snack food products. Rowntree also has a UK grocery business and is engaged in the specialist retailing of confectionery and related products in a number of countries. A review of our trading operations in 1987 is set out below on pages 10 to 14.

**REVIEW OF OPERATIONS** Rowntree achieved a growth of 13% in the value of its confectionery sales to £1.1 billion. These sales took place in over 120 countries and represented 76% of our total turnover, generating trading profits of £102.4 million.

Our snack foods in both the UK and the USA met strong competition, but nevertheless sales of £191.8 million gave rise to trading profits of £14.5 million.

We increased the value of our grocery sales in the UK by 27% to £50.0 million, achieving trading profits of £6.5 million.

Our retailing activities made profits of £6.7 million on a turnover of £95.5 million. We acquired two retail businesses during the year, in France and the UK, at a cost of £11.7 million.

**CONFECTIONERY** Rowntree, operating twenty-five factories in nine countries, is the world's third largest confectionery business. Among our brands, Kit Kat had a particularly successful year, with its worldwide sales continuing to grow. Kit Kat is the biggest selling brand in the UK, the world's second largest confectionery market, and the number five confectionery brand in both the USA and Japan, where it is manufactured under licence.

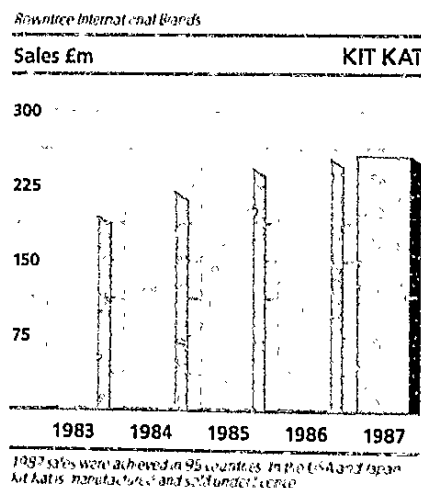
In the UK total confectionery consumption continued to grow during 1987. As the largest operator in the UK, Rowntree Mackintosh Confectionery again made good progress on a broad front. Sales rose by 3%, profits increased and our market share was held in volume terms after the previous year's increase.

Kit Kat continued as the leading brand in the chocolate biscuit countline market with sales ahead by 3%.

Quality Street, our leading twist wrapped assortment, showed its strength in meeting a strong challenge from its competitors, while Smarties and Polo remained in the forefront of the children's and mint sectors.

Our Toffee Crisp and Rolo brands did outstandingly well in the UK, with sales volume increases of 33% and 13% respectively.

Rowntree Mackintosh Confectionery increased its trading profits by 17% to £51.2 million. The main reasons behind this fine result were improved margins achieved by better productivity and cost control. During the year the company's average number of



employees fell by 900 to 11,900, compared with 16,300 in 1982. By carefully controlling its working capital requirements through improved production and distribution systems the company significantly reduced interest charges.

New product activity included the launch of a 50 gramme dark chocolate bar under the Black Magic brand name, and the famous assortment itself was successfully relaunched with updated packaging. We introduced roll packs of two new sweets, Rum Truffles and Delights, during the Autumn. Novo, the chocolate snack bar we introduced in 1986, has attracted several imitators and is meeting heavy competition in the marketplace.

The appointment of two merchandising agencies to service shop displays for our multiple outlet customers has proved very successful. Our new computer programmes designed to help our smaller retailers make the best use of display space are also achieving good results.

Holgate's, making nutritional confectionery for a number of private label distributors, had another successful year. Turnover reached £5.5 million - compared with less than £1.0 million in 1983 - and profits increased by 17% to £0.8 million. We added extra production capacity at our Tywyn factory in Mid-Wales so that the company can take full advantage of further opportunities arising in this developing market.

Exports from the UK maintained the levels achieved in 1986, both in respect of sales and trading profits, despite difficult trading conditions in a number of markets due to the decline in value of the US dollar. International economic factors have also affected to some extent the buoyancy of our important Gulf markets.

We achieved substantial volume increases for both Toffo and Polo, and sales of our leading export brands, Quality Street and Kit Kat, were satisfactory.

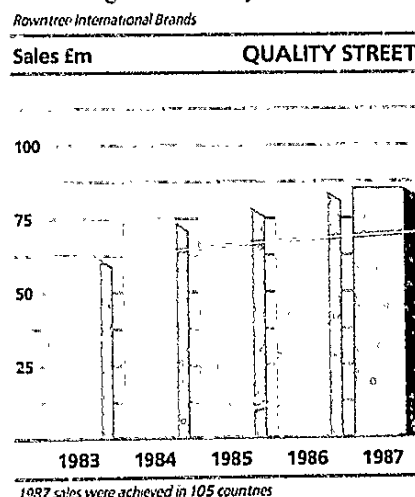
During the year we established in Singapore a new marketing company which successfully took over the sale and distribution of all Rowntree brands in that country. In the Republic of Ireland we are now realising fully the benefits of the recent Dublin factory reorganisation. Sales volumes of both Rowntree and local brands were well up, with Kit Kat - which has trebled its sales in the last four years - again making excellent progress. We increased our Irish trading profits to £2.1 million and also improved our share of the Irish confectionery market.

In continental Europe, where we direct and coordinate operations from our regional headquarters near Paris, Rowntree had its best year since we first invested there in 1964. All our European companies did very well, together making a trading profit of £11.0 million, some 116% up on the previous year. Sales and profits rose in every major market and our total market share increased. This growth was achieved through concentration on Rowntree's existing range of strong international brands, all of which made significant progress during the year.

Sales volumes of our leading chocolate bar countlines rose by over 18%. Lion achieved its highest ever volumes with

particular progress in Germany, and Nuts achieved record sales in France.

After Eight made strong advances in many countries and confirmed its position as one of Europe's leading boxed chocolate brands. In Sweden more After Eight was eaten per head of population than anywhere else in the world. Smarties again did well in all markets with record sales being



achieved in the face of strong competition.

In Italy, Fruit Pastilles, marketed under the brand name Fruit Joy, established itself as a major national brand following its launch in late 1986.

We established our own marketing company in Spain with a view to boosting sales in a small but rapidly growing confectionery market and Smarties has already sold well. In Sweden, our new local company is in the process of taking over the marketing and distribution of Rowntree products previously sold through a Swedish distributor. Sales in other parts of Europe were again buoyant and market share was gained by notable performances in Portugal, Austria, Norway and Denmark.

In North America our confectionery companies achieved increases in both sales and profits.

In the USA Sunmark, acquired in September 1986, had a satisfactory first full year of trading under Rowntree's ownership. Manufacturing branded sugar lines for the children's and teenage markets, Sunmark achieved trading profits of £16.1 million on sales of £90.0 million. A decline in sales of Nerds was offset by increased sales of other branded sugar lines and David's sunflower and pumpkin seeds. Royalties from the sale of Kit Kat and Rolo under our licence agreement with Hershey Foods enjoyed another good year of growth.

In Canada we succeeded in reversing last year's decline in sales and profits against the background of a market still depressed by the effects of the Government's imposition of sales taxes on confectionery products. Our Canadian confectionery company increased its Canadian dollar trading profit by 42% to £5.8 million and maintained its share of a competitive market with its major chocolate

brands, Coffee Crisp, Kit Kat, Turtles and Black Magic, all holding onto their leading positions.

Elsewhere in the world, our Australian and South African companies both recorded good performances.

Our Australian confectionery sales volume reached a record level for the second year running and produced a trading profit of £4.7 million, in local currency terms 28% up on 1986. Our market share increased slightly whilst trading margins improved by 2%. Kit Kat, the number two confectionery brand in Australia, achieved its fourth successive sales record with sales up by 12%, and our popular Australian brands Violet Crumble and Minties both improved their positions on the previous year.

Two new sugar confectionery products were successfully introduced to the market. The major factory rationalisation carried out in the early 1980's is now being followed by further efficiency improvements at our single factory at Campbellfield just outside Melbourne.

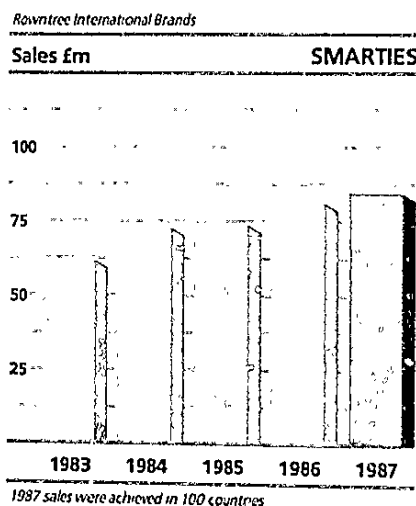
Our South African company, Wilson-Rowntree, achieved a much better financial performance than in 1986. Sales increased and trading profits rose by 29% helped by the considerable success of our new product activity. Tubes and XXX Mints, both leading brands in the sugar confectionery sector, both improved their sales performances and in the chocolate sector Kit Kat and Bar One notched

up further useful gains. In May we successfully launched a new chocolate countline called Take Two which proved an instant hit with consumers. Wilson-Rowntree continues in the forefront of South African companies in its employee practices, remuneration and training policies. A copy of our Social Report, including the requirements of the Department of Trade and Industry on progress under the

EEC Code of Conduct, can be obtained on request from the company secretary.

**SNACK FOODS** Since the end of 1987 we have decided to offer for sale our two snack foods businesses. Tom's Foods and Rowntree Snack Foods. Further reference to this is made on page 15.

The snack foods industry is fast moving, with constantly changing product lines arising from new products, new flavours and new packs. Competitive advantage is achievable in a number of ways. Both our snack food businesses rely primarily on their distribution systems which give them a strong position in the niches they occupy.



Tom's Foods in the USA is having to withstand increased pressure in its heartland in the southern states where the quality associated with the Tom's name gives it the strength to compete successfully. The gradual encroachment of convenience store chains and supermarkets into the territory of the traditional independent stores has, however, made it necessary to develop a flexible response to customers' needs.

In 1987 sales remained fairly flat but profits were down by 33%. This profit reduction particularly reflects a less favourable product mix and additional costs including extra assistance to distributors to put them in a stronger competitive position.

Rowntree Snack Foods (formerly Sooner Foods) in the UK took a number of steps to strengthen its position in a year when sales increased only marginally with profits static. Some major investment was made in upgrading our crisp plant; employee numbers were reduced, largely through natural wastage; new products continued to be introduced, with Thundercats and Groovers being particularly successful.

**COUNTRY** A year of steady progress for Rowntree Sun-Pat began with the integration of the Gale's honey business, which was acquired in December 1986 and represents a third strong brand to complement the company's large share of the UK table jelly and peanut butter markets. Growth in sales and profits was achieved in most areas of the business, with a profit increase of 45% to £6.5 million for the company as a whole.

Important product improvements took place with replacement of artificial by natural colours in table jellies

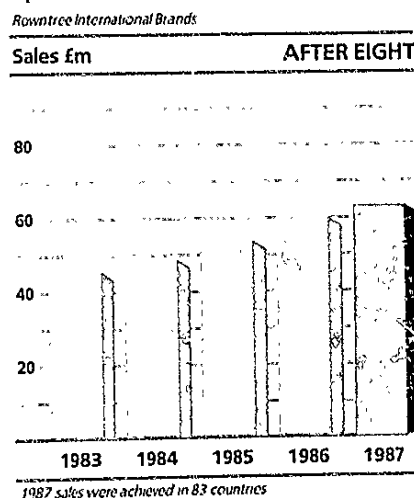
and the introduction of peanut butter containing only natural ingredients. We were able to achieve a large increase in production volume at our Hadfield factory in Derbyshire with virtually no increase in employee numbers.

**RETAILING** Our investment in confectionery and snack food retailing was strengthened in 1987, mainly through the acquisition of a chain of over 100 confectionery and ice cream outlets in France. In addition Richoux Restaurants, a small UK chain of up-market branded restaurants, was acquired.

In North America all retailing has been placed under the direction of a single management team. Laura Secord continued to grow as a leading retailer of boxed chocolates in Canada, and in the USA we again expanded our confectionery retailing operations following the acquisition in 1986 of the Gorant Candies chain of stores. The Original Cookie Company opened 34 new stores in the USA and in-

creased its sales whilst maintaining profits. Opportunities for further profitable expansion are being actively sought. Our chain of Hot Sam and Corn Dog on a Stick stores, retailing pretzels and frankfurters, made good progress and increased trading profits. 15 new stores were opened giving us a total of 274 outlets.

In France our newly acquired chain of Candice and Martial confectionery and Sunset ice cream outlets has given further impetus to the move into European retailing which we began in 1986 with the purchase of the de Neuville franchise operation. The new business will provide an excellent platform for building an integrated specialist retail organisation in France.



In the UK the Richoux restaurant business, which operates six attractive units in the south of England, has excellent prospects for profitable expansion. We intend to open further restaurants in 1988. Our automatic vending machine company, Multisnack, extended its operations to cover the whole of the UK. Concentrating on major educational, leisure and hospital locations, the company now has in place nearly 400 machines selling a wide range of confectionery, snack foods and soft drinks. Trading profits for the year were £0.2 million.

## CAPITAL INVESTMENT, RESEARCH & DEVELOPMENT

Capital investment of £76.2 million in 1987 illustrates our determination to remain in the forefront of technological progress in our industry and to realise all possible savings.

A products research and development laboratory is being built at our York site at a cost of £3.0 million. It is designed to accommodate up to 50 scientists

and food technologists and is on schedule to be completed by May 1988. This centre will make a valuable contribution to maintaining and improving quality and developing new products for our existing companies.

In France, a European regional products and process development centre, costing £1.4 million, is to open in Dijon in the Spring.

Investment in information technology has continued apace and many projects have been undertaken. An important project has been the enhancement of an electronic text communication system encompassing all operating companies.

Rowntree carries out a wide programme of employer communications through team briefings, house journals and regular bulletins. These and a range of other activities are aimed at keeping our employees fully informed about matters which affect their working lives. This annual report is being sent to all our employees worldwide in place of our previous practice of producing a separate employee report. Translation inserts in five foreign languages have been included for our non English speaking employees.

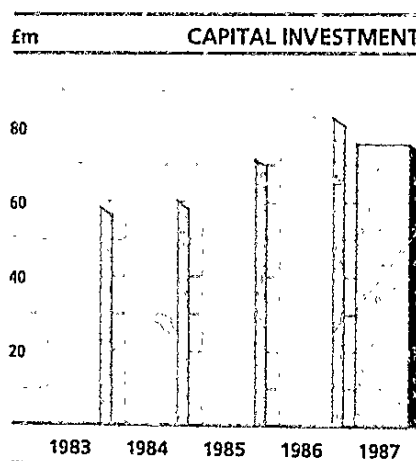
During the year a record 5,000 employees from eleven countries applied for options under our Worldwide Share

Option Scheme and received options over 1.9 million shares. In addition, 1,100 employees exercised options to purchase nearly 1.0 million shares on payment of subscriptions totalling £2.0 million. At the year end 6,400 employees, over a third of those eligible, held options over 7.7 million shares. They entitle employees to buy shares at prices ranging between 151p and 570p at

various times between 1988 and 1997.

In April over 1,600 UK employees chose to take all or part of their profit sharing entitlements in shares and some 89,000 shares at a price of 482p each were allocated to them. The directors have allocated £3.67 million in respect of the 1987 financial year for distribution under the UK profit sharing scheme.

Rowntree recognises its obligations for the employment of disabled persons and does what is practicable to fulfil them. Applications for employment from disabled persons are carefully considered and their aptitudes and abilities are taken fully into account. If an employee becomes disabled while employed every possible effort is made





to retain him or her in the same job. Training and promotional opportunities are made available to disabled employees in the same way as to other employees.

**ROWNTREE IN THE COMMUNITY** Charitable donations during the year totalled £347,000 (1986 £544,000) of which contributions by UK companies amounted to £206,000 (1986 £264,000).

Rowntree continued to take a positive and responsible attitude to the communities in which our companies operate.

Active community support is not only responsible, it is good for our business. It attracts good employees, improves relations with public authorities, suppliers and customers, and above all supports an environment in which our local businesses can prosper. Each operating company develops activities to meet local requirements and there is a rich variety.

In 1987 expenditure on community activities worldwide was £764,000. The UK element of this expenditure represents 1% of UK pre-tax profits. The main categories of expenditure were:

	£
Charitable Donations	347,000
Staff Secondment	265,000
Youth Training Schemes	46,000
Other Activities	106,000
Total	<u>764,000</u>

**ACQUISITIONS AND DISPOSALS** In September we acquired the issued share capital of a small London based chain of restaurants trading under the Richoux name. The total purchase price of £5.2 million was satisfied partly in cash and partly in Rowntree shares. In October the French confectionery and ice cream retailing business, Candice-Martial, was bought for a cash consideration equivalent to £6.5 million.

The operations carried out by these businesses have been described earlier in the report.

We announced in January that buyers are being sought for our savoury snacks businesses, Tom's Foods and Rowntree Snack Foods. They are both sound businesses with good futures but their development will require an injection of resources which we can invest more effectively in the growth and development of our other businesses. Our confectionery businesses, our growing retailing activities and our UK grocery business have greater potential to grow distinct consumer brands. Tom's is a US business supplying a wide range of salted snacks through independent distributors, mainly in the southern states. It was our first major US purchase, acquired in 1983 for £140 million. Rowntree Snack Foods, which was purchased for £15 million in 1982, is based in Scunthorpe and manufactures crisps and salted snack foods.

**DIRECTORS** Mr D E Cook and Sir Michael Franklin were appointed to the board with effect from 1 July 1987 and 15 March 1988 respectively. Under Article 75 of the company's articles of association they both retire from the board, and being eligible offer themselves for re-election at the annual general meeting.

The members of the board who are to retire by rotation are Mr K H M Dixon, Mr T Copley, Mr J I Mackinlay and Sir Graham Wilkins, who being eligible offer themselves for re-election at the annual general meeting. Mr Dixon has a service contract expiring in March 1991 when he reaches normal retirement age. Mr Copley and Mr Mackinlay have each entered into service contracts with the company which are terminable upon three years' notice.

There are four non-executive directors on the board, Mr D E Cook, Sir Michael Franklin, Dr J A P Treasure and Sir Graham Wilkins.

Mr Cook, aged 56, spent 15 years in the textile industry before joining the Pilkington group in 1970. He has been an executive director of that group since 1984 and was appointed deputy chairman in 1987.

Sir Michael Franklin KCB CMG has been appointed a non-executive director. Sir Michael, aged 60, recently retired from public service as permanent secretary of the Ministry of Agriculture, Fisheries and Food. He had previously been permanent secretary of the Department of Trade, head of the European Secretariat of the Cabinet Office and, for four years, a deputy director general in the Cultural Directorate of the EEC Commission in Brussels. He is a non-executive director of Barclays Bank, the Agricultural Mortgage Corporation and Whesoc.

Dr Treasure, aged 63, has been a non-executive director since 1974. After 25 years in advertising he resigned from the chairmanship of J Walter Thompson in 1977 to become dean of the City University Business School. He joined Saatchi & Saatchi Advertising as vice-chairman in 1983.

Sir Graham Wilkins, aged 64, has been a non-executive director since 1984. He joined the Beecham Group in 1945, retiring as chairman in 1984, and is now honorary president. He is also chairman of Thorn EMI and chairman of ICC United Kingdom, the Council of the London School of Pharmacy and the Review Body for Doctors' and Dentists' Salaries and president of the Advertising Association of Great Britain. In 1980 he was knighted for services to export.

**DIVIDENDS** The directors are recommending a final dividend on the ordinary share capital of 10.5p per share making, with the interim dividend of 5.0p per share, a total dividend of 15.5p per share in respect of 1987. The 1986 total dividend was 13.6p per share. After charging dividends it is proposed to transfer £54.5 million to reserves.

**ANNUAL GENERAL MEETING SPECIAL BUSINESS** The notice of annual general meeting appears on page 44 and includes some items of special business.

The resolution in item 6 of the agenda relates to fees paid to non-executive directors. The articles of association of the company provide that the limit on the aggregate sum that may be paid by way of fees to such directors is £10,000 per annum or such greater sum as the company may authorise by ordinary resolution. The limit of £50,000 was fixed by shareholders in 1984 and it is now proposed that this limit be increased to £100,000.

Under section 80 of the Companies Act 1985 the directors are not allowed to allot shares unless they are authorised to do so by shareholders and this authority was given for five years at the extraordinary general meeting held in October 1986. Section 89 of the Act gives shareholders the right to participate on a *pro rata* basis in all issues of equity shares for cash unless they agree that this right should be excluded.

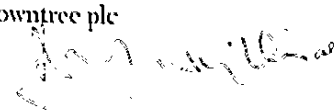
The effect of the resolution in item 7 of the agenda is that the directors will have authority until the date of the next annual general meeting, first to make a rights issue without having to comply with detailed requirements of sections 89 and 90 of the Act and, secondly, to allot equity securities up to an aggregate nominal value of £5,377,036 for cash otherwise than by way of a rights issue *pro rata* to existing shareholders. Similar resolutions have been passed at previous shareholders' meetings.

The directors recommend shareholders accordingly and appropriate resolutions seeking their consent to these recommendations will be proposed as special business at the annual general meeting.

On behalf of the board of Rowntree plc

N J Nightingale secretary

15 March 1988



# Our Aims

Rowntree plc exists to market  
branded products to consumers  
throughout the world at a profit  
for its shareholders

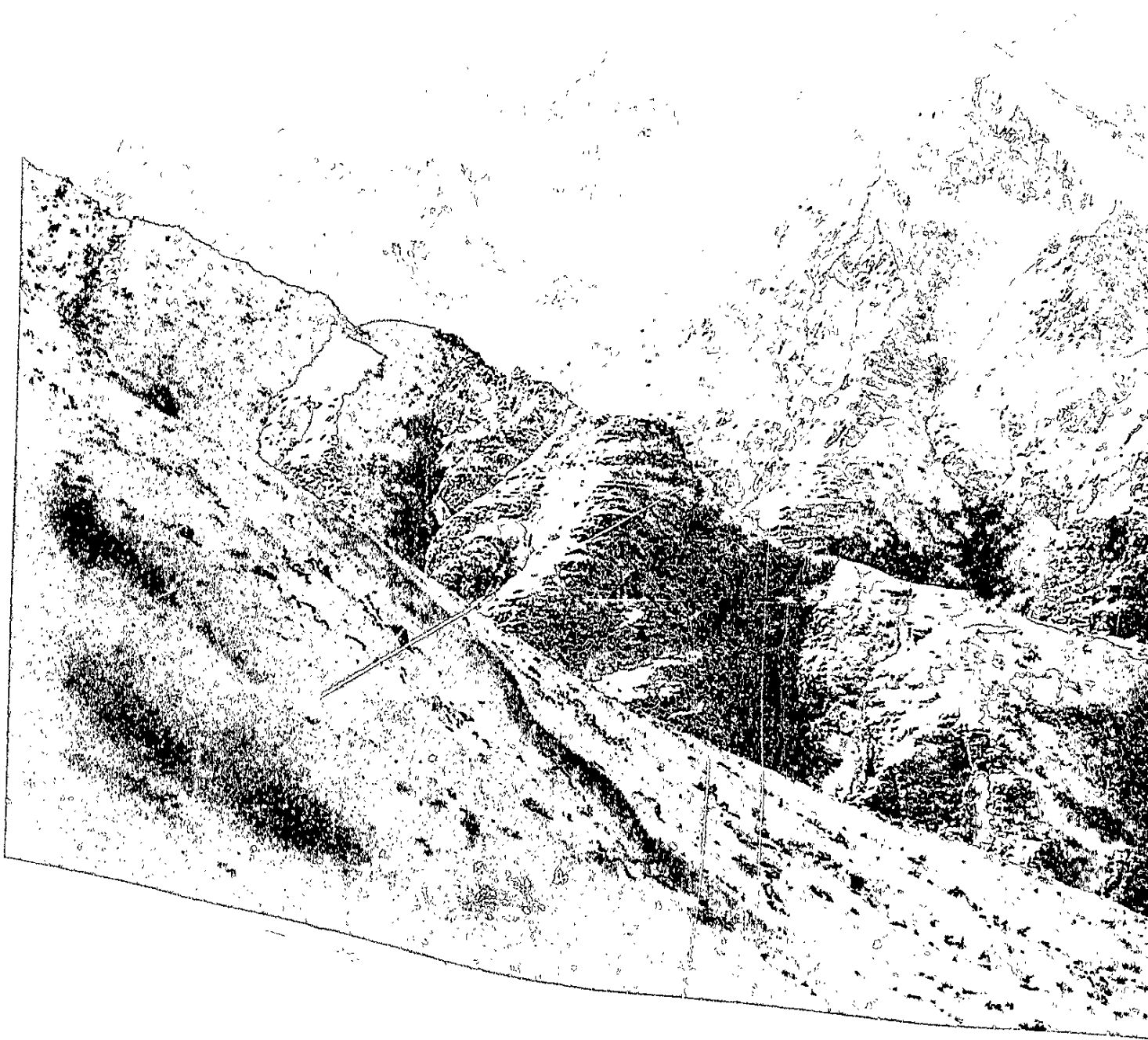
**W**E WILL CONCENTRATE ON  
BUILDING STRONG POSITIONS  
IN WORLD CONFECTIONERY MARKETS  
BY DEVELOPING AND BUYING HIGH  
QUALITY NATIONAL AND INTER-  
NATIONAL BRANDS

**W**E WILL CONTINUE TO EXPAND  
OUR SMALLER BUSINESSES:  
GROCERY PRODUCTS IN THE UK AND  
SPECIALIST RETAILING OF CONFECTIONERY AND RELATED PRODUCTS  
WORLDWIDE

**W**E ARE COMMITTED TO BEING  
RESPONSIBLE EMPLOYERS AND  
GOOD CITIZENS IN ALL COMMUNITIES  
IN WHICH WE LIVE

**W**E ARE OPEN ALWAYS TO CHANGE  
AND NEW IDEAS

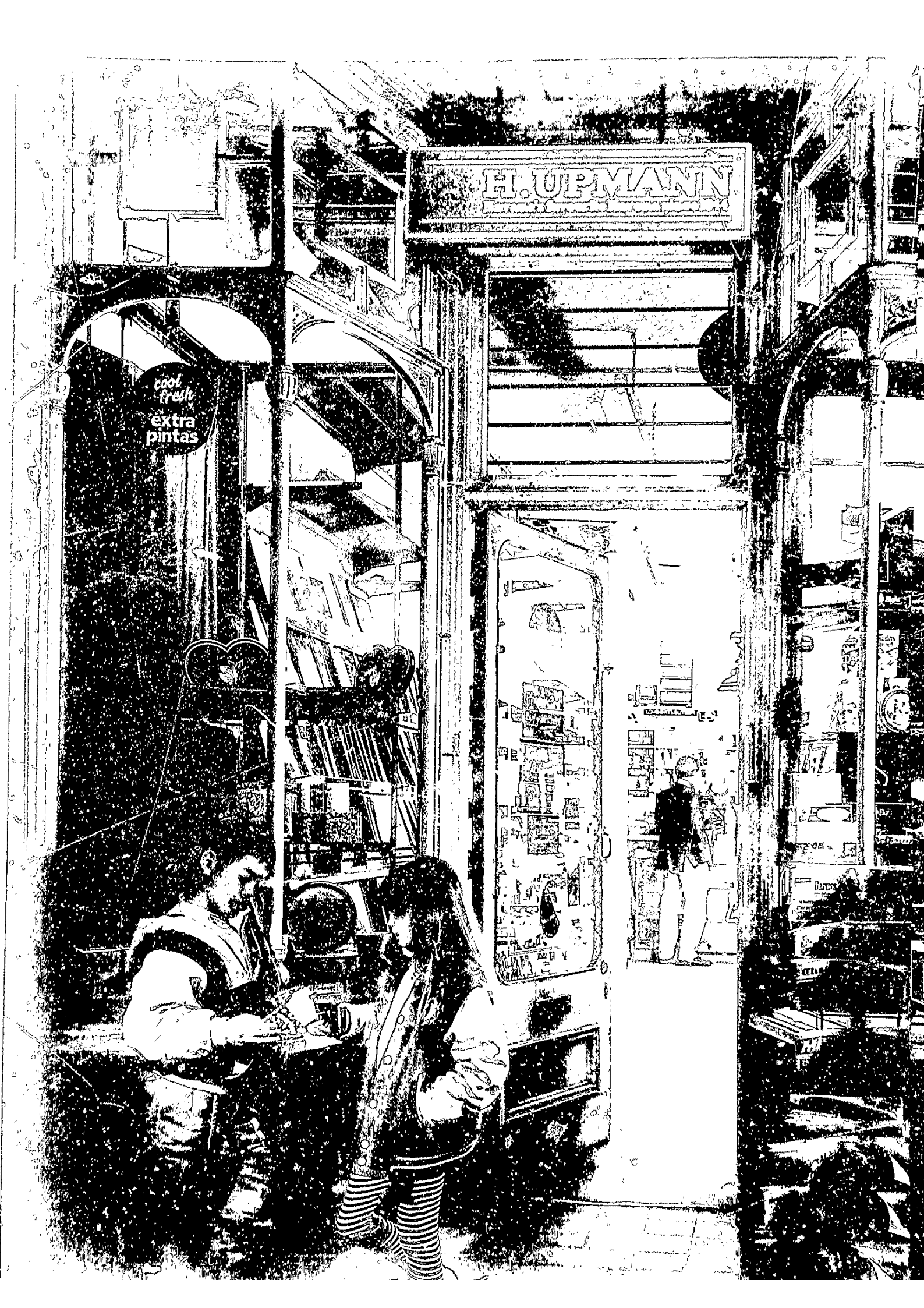


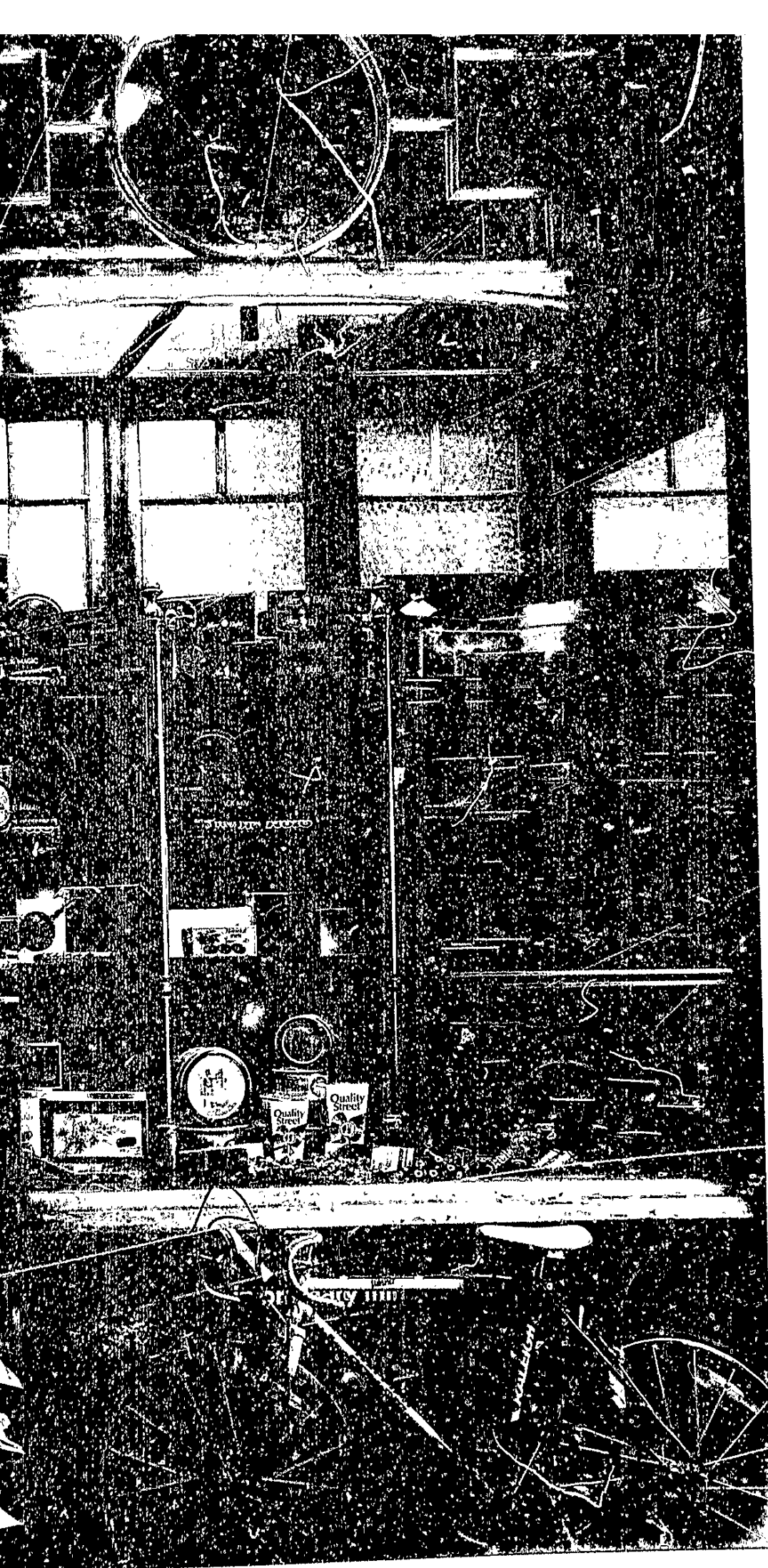


WE WILL CONCENTRATE ON  
BUILDING STRONG POSITIONS  
IN WORLD CONNECTIONS  
MARKETS

Since the launch of the company's first  
commercial product line, the company has  
been able to establish a strong  
position in the market.







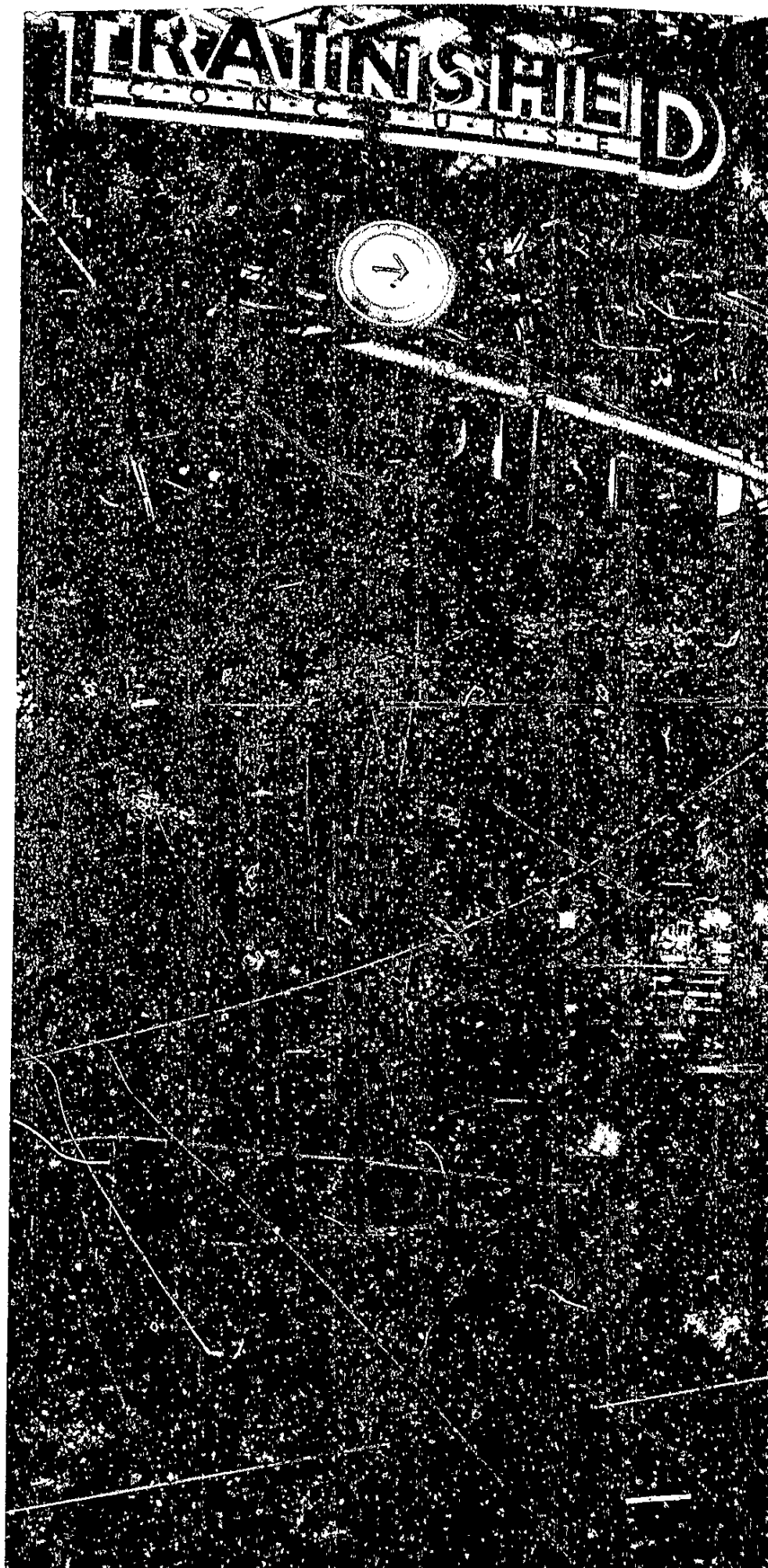
WE WILL CONCENTRATE ON  
BUILDING STRONG POSITIONS  
IN WORLD CONFECTIONERY  
MARKETS

Our leading position in the UK is based on a  
wide range of well known brands which are  
sold through major multiples and traditional  
corner shops



WE WILL CONCENTRATE ON  
BUILDING STRONG POSITIONS  
IN WORLD CONFECTIONERY  
MARKETS

SUNMARK, acquired in 1986, added to our  
portfolio of confectionery brands. Based in St  
Louis, Missouri, it is the leading supplier of  
children's sugar confectionery in the USA. It  
also has a substantial share of the sunflower seed  
snack market.







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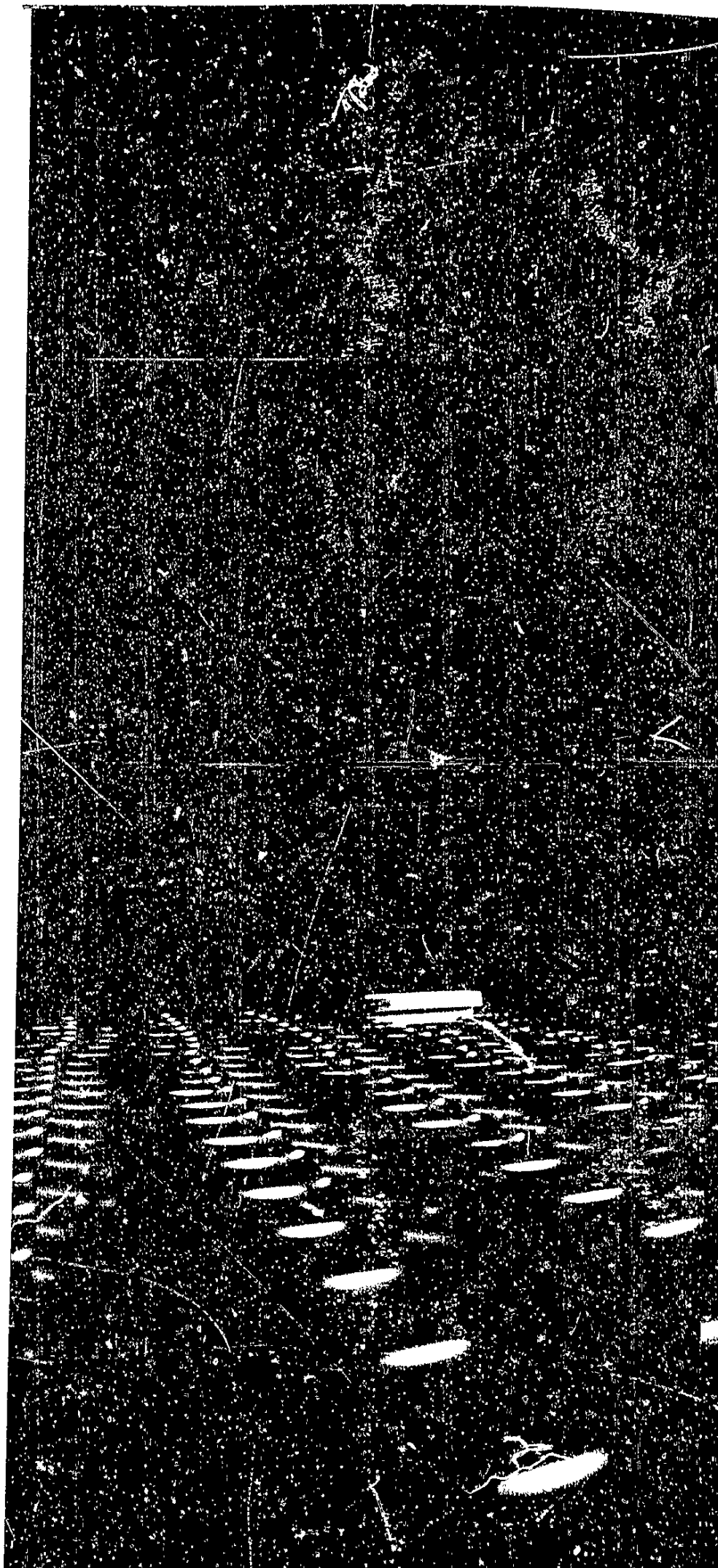
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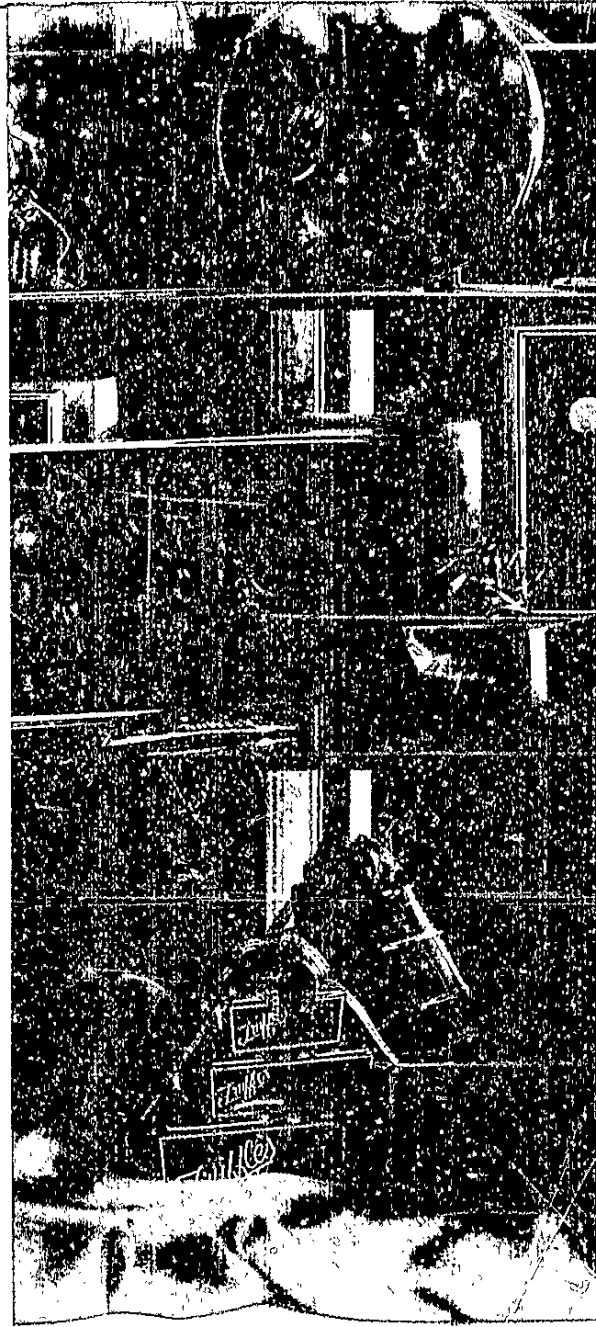
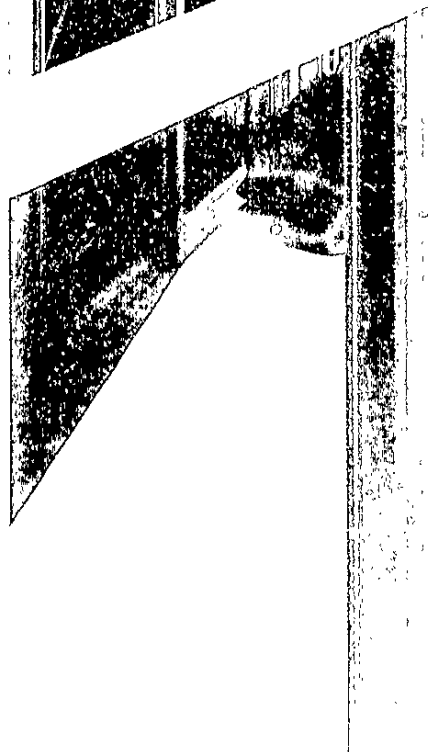
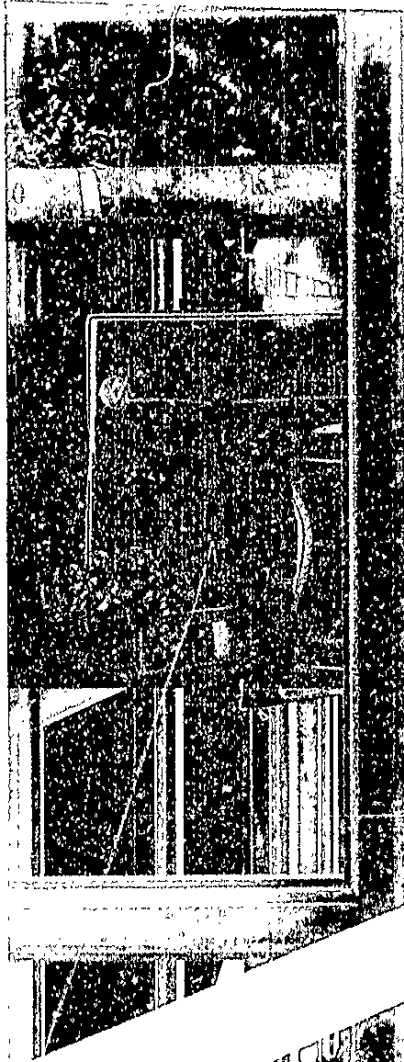
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WE WILL CONTINUE TO EXPAND  
OUR SMALLER BUSINESSES

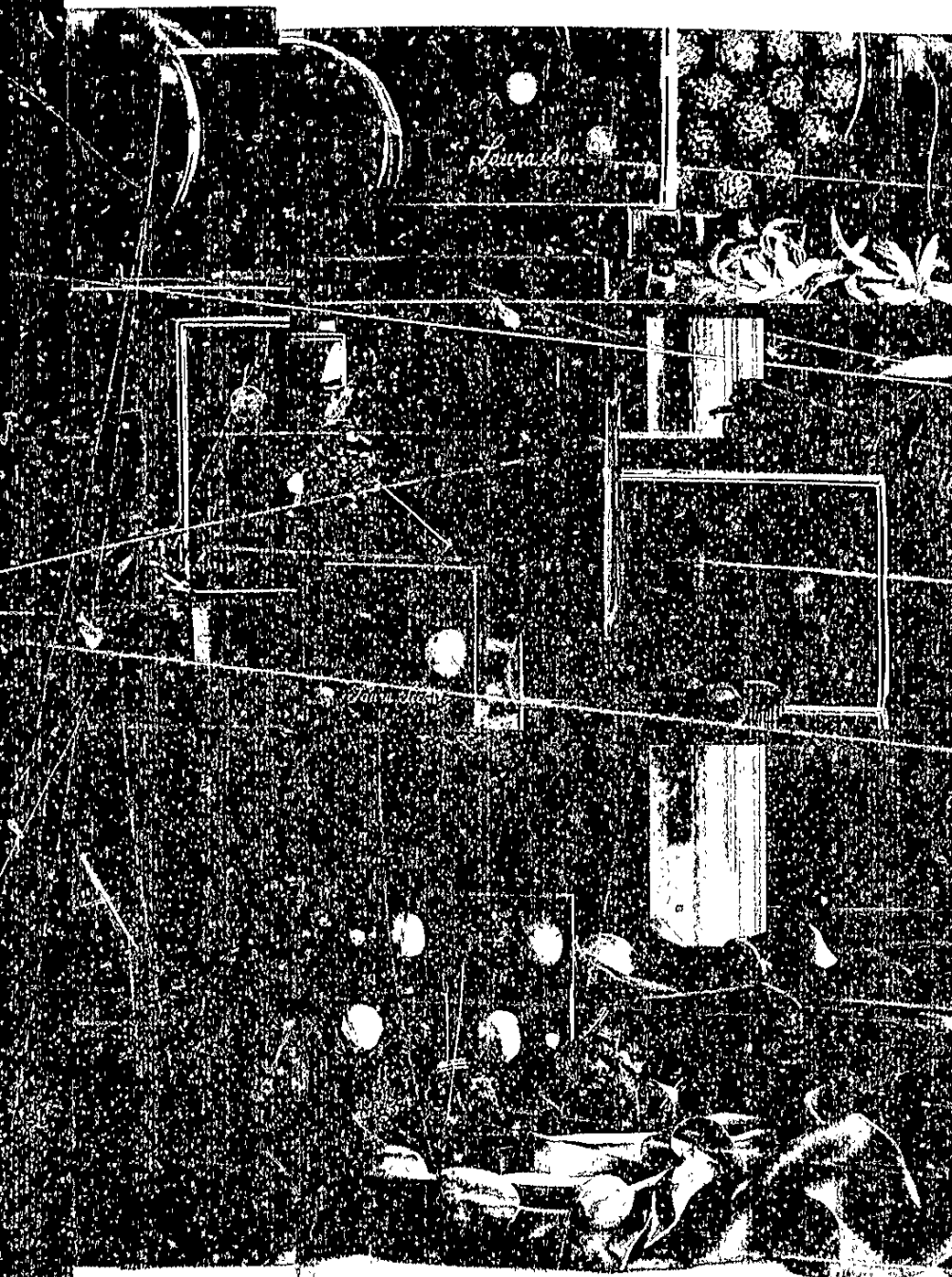
GRAFF'S, the leading UK honey brand, was acquired in 1986 by our thriving Sun Pat grocery business, which already leads the UK table jelly and peanut butter markets.





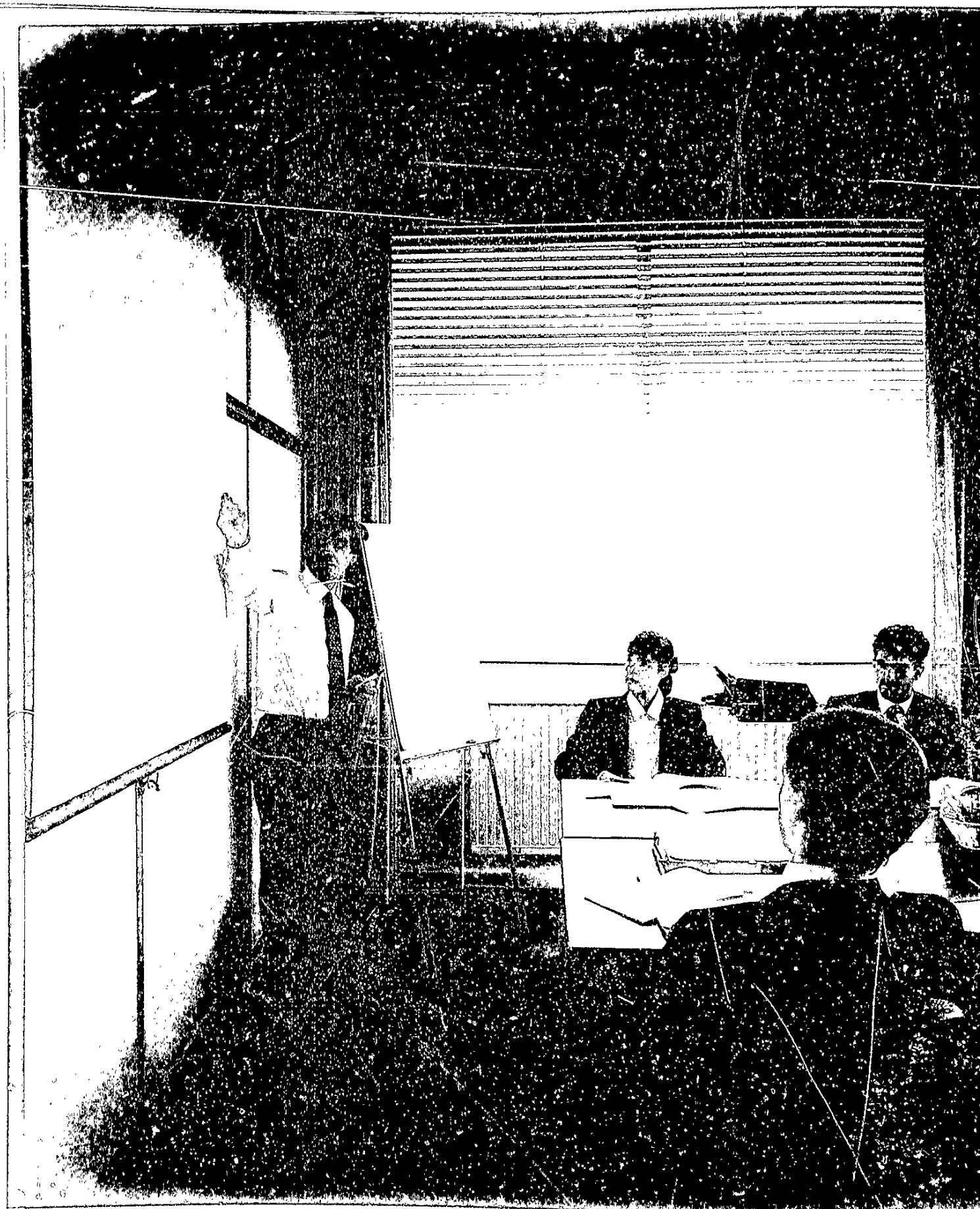


Laur



*Laura Secor*





WE ARE OPEN ALWAYS TO  
EXCHANGE AND LEARNING

# Annual Accounts

# Group Profit & Loss Account

52 weeks ended 2 January 1988

	Note	£m 1987	£m 1986
Turnover	2	1,427.6	1,290.4
Cost of sales		(837.1)	(790.2)
Gross profit		590.5	500.2
Distribution costs		(54.7)	(49.8)
Marketing, selling and administrative expenses		(411.1)	(350.7)
Other operating income		5.4	6.0
Trading profit	2 & 3	130.1	105.7
Interest	4	(18.0)	(21.7)
Profit on ordinary activities before taxation		112.1	84.0
Taxation on profit on ordinary activities	5	(24.2)	(17.8)
Profit on ordinary activities after taxation		87.9	66.2
Extraordinary items	6	—	(11.3)
Profit attributable to Rowntree plc	7	87.9	54.9
Dividends	9	(33.4)	(29.3)
Added to reserves	8	54.5	25.6
Earnings per ordinary share	10	40.8p	35.0p

The movement on reserves is shown in detail in note 8.



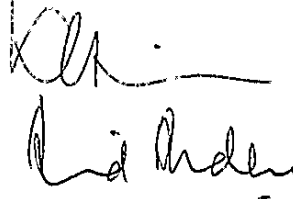
# Group Balance Sheet

at 2 January 1988

	Note	£m 1987	£m 1986
<b>Fixed assets</b>			
Tangible assets	11	463.2	475.1
<b>Current assets</b>			
Stocks	14	163.5	176.9
Debtors	15	214.9	208.5
Cash at bank and in hand		96.7	69.2
		475.1	454.6
<b>Creditors—amounts falling due within one year</b>			
Bank overdrafts and loans		(25.4)	(81.7)
Other creditors	16	(244.7)	(228.5)
<b>Net current assets</b>		205.0	144.4
<b>Total assets less current liabilities</b>		668.2	619.5
<b>Creditors—amounts falling due after more than one year</b>	17	(18.8)	(22.6)
Loan capital	18	(231.2)	(179.0)
Provisions for liabilities and charges	20	(9.6)	(26.5)
		408.6	391.4
<b>Capital and reserves</b>			
Called up share capital	21	110.2	109.4
Share premium account	8	1.3	0.6
Revaluation reserve	8	45.3	47.7
Capital reserve	8	52.5	59.5
Profit and loss account	8	199.3	174.2
		408.6	391.4

Approved by a meeting of the board on 15 March 1988.

Kenneth Dixon  
David Bowden  
(Directors)



# Group Source & Application of Funds

52 weeks ended 2 January 1988	£m 1987	£m 1986
<b>SOURCE OF FUNDS</b>		
<b>Funds generated from operations</b>		
Trading profit	130.1	105.7
Depreciation	51.0	43.7
Miscellaneous non cash items	1.2	(1.7)
	<u>182.3</u>	<u>147.7</u>
<b>Less:</b>		
Interest paid	(19.9)	(20.6)
Taxation paid	(21.3)	(22.1)
<b>Net funds from operations</b>	<u>141.1</u>	<u>105.0</u>
<b>APPLICATION OF FUNDS</b>		
<b>Investment</b>		
Expenditure on tangible assets	76.2	82.5
Disposal proceeds of tangible assets	(5.2)	(4.2)
Rationalisation costs	10.0	17.0
	<u>81.0</u>	<u>95.3</u>
<b>Changes in working capital</b>		
Stocks	(3.3)	(7.6)
Debtors	22.6	13.9
Creditors	(10.4)	(20.1)
<b>Dividends paid</b>	<u>29.2</u>	<u>20.9</u>
<b>Total application of funds</b>	<u>119.1</u>	<u>103.4</u>
<b>Net inflow of funds from operations</b>	<u>22.0</u>	<u>2.6</u>
<b>Financial movements</b>		
Net proceeds of share issues	5.2	146.8
Acquisition of subsidiaries and trading assets taken over (note 23)	(14.2)	(189.9)
Bank balances and cash arising on acquisition of subsidiaries	(1.1)	(0.2)
Bond issue expenses	(1.9)	-
	<u>10.0</u>	<u>(40.7)</u>
<b>Adjustment on translation of foreign currency borrowings</b>	<u>21.6</u>	<u>(2.7)</u>
<b>Decrease (increase) in net group borrowings</b>	<u>31.6</u>	<u>(43.4)</u>
<b>Represented by changes in</b>		
Loan capital and overdrafts	4.1	(70.8)
Cash at bank and in hand	<u>27.5</u>	<u>27.4</u>
	<u>31.6</u>	<u>(43.4)</u>

The movement on working capital does not correspond to the change in balance sheet amounts as opening working capital has been translated at closing exchange rates in order to show the real movement in working capital.

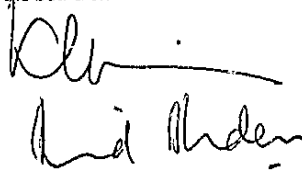
# Parent Company Balance Sheet

at 2 January 1988

	Note	£m 1987	£m 1986
<b>Fixed assets</b>			
Tangible assets	11	2.2	126.4
Investments in subsidiaries at cost	12	41.0	23.6
		<u>43.2</u>	<u>150.0</u>
<b>Current assets</b>			
Stocks	14	—	84.9
Debtors	15	696.8	550.2
Cash at bank and in hand		58.9	2.2
		<u>755.7</u>	<u>637.3</u>
<b>Creditors—amounts falling due within one year</b>		<u>(92.2)</u>	<u>(20.8)</u>
Bank overdrafts and loans			
Other creditors	16	(103.2)	(172.8)
		<u>560.3</u>	<u>443.7</u>
<b>Net current assets</b>			
		<u>603.5</u>	<u>593.7</u>
<b>Total assets less current liabilities</b>			
Creditors—amounts falling due after more than one year	17	—	(13.4)
Loan capital	18	(215.6)	(153.0)
Provisions for liabilities and charges	20	—	(16.0)
		<u>387.9</u>	<u>411.3</u>
<b>Capital and reserves</b>			
Called up share capital	21	110.2	109.4
Share premium account	8	1.3	0.6
Capital reserve	8	223.8	223.8
Profit and loss account	8	52.6	77.5
		<u>387.9</u>	<u>411.3</u>

Approved by a meeting of the board on 15 March 1988.

Kenneth Dixon  
David Bowden  
(Directors)



# Notes to the Accounts

## 1 Accounting policies

The following paragraphs summarise the more important accounting policies used in the preparation of the accounts of the group.

**Basis of preparation and consolidation** The group accounts include the accounts of Rowntree plc and its subsidiary companies all of which are prepared under the historical cost convention as modified by the revaluation of certain tangible assets. Goodwill arising on acquisitions is written off against reserves.

**Foreign currency translation** Balance sheet items of overseas subsidiaries are translated into sterling at the rates of exchange ruling at the balance sheet date. Trading results are translated at average rates for the year. Exchange adjustments arising on consolidation and on foreign currency borrowings arranged to finance overseas investments are dealt with as a movement on reserves.

**Depreciation** The cost or subsequent revaluation of buildings and the cost of plant and machinery (less any investment or other grants) is depreciated on a straight line basis over the estimated useful lives of the assets commencing in the year after commissioning. In general the rates used throughout the group are as follows: Buildings 1½%, Plant and machinery 10%–20%.

**Capitalisation of overheads** The amount capitalised in respect of tangible assets installed by the group's engineering staff includes an appropriate proportion of overhead costs.

**Leased assets** Assets which are financed by leasing agreements that transfer substantially all the risks and rewards of ownership are capitalised. The liability to the leasing company is included as an obligation under finance leases within creditors. Depreciation on leased assets is charged to profit and loss account on the same basis as purchased assets.

**Stocks** Stocks are stated at the lower of cost and estimated net realisable value. Cost is arrived at mainly on an average basis and includes an appropriate proportion of production overheads.

**Pensions** Retirement pensions are funded by payments to either trusts or insurance companies which are entirely separate from the group. The current cost of retirement pensions is calculated periodically in conjunction with consulting actuaries. Both the annual cost and the cost of funding that part of retirement benefits which relates to past service is charged in the year in which it arises.

**Deferred taxation** No provision is made for deferred taxation in respect of material timing differences arising from the different treatment of certain items for taxation and accounting purposes, unless there is reasonable evidence that such deferred taxation will be payable in the foreseeable future.

**Advance corporation tax** Advance corporation tax arising on dividends in respect of the year is charged to the profit and loss account except where it will, with reasonable probability, be recovered against the liability to corporation tax on the following year's profits. Credit is taken for advance corporation tax written off in previous years to the extent that it is recoverable against the current year's liability to corporation tax.

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## 2 Geographical analysis of results and employee numbers

	Turnover		Trading profit		Average no. of employees		
	£m	1987 £m	1986 £m	1987 £m	1986 £m	1987	1986
United Kingdom and Ireland							
Rowntree Mackintosh Confectionery	140.5	426.2	51.2	41.8	11,862	12,760	
Rowntree Mackintosh Ireland	24.0	23.3	2.1	1.4	285	532	
Rowntree Sun-Pat	50.0	39.4	6.5	4.5	763	735	
Rowntree Snack Foods	41.4	40.4	1.5	1.6	1,700	1,784	
Other UK companies	10.5	6.7	0.4	0.4	1,244	1,142	
	566.4	536.0	61.7	51.7	15,854	16,973	
Continental Europe	300.4	259.8	11.0	5.1	3,076	3,069	
North America							
Rowntree Mackintosh Canada	77.4	79.1	5.8	5.0	1,885	2,122	
Tom's Foods	150.4	166.6	13.0	19.5	2,467	2,483	
Sunmark	90.0	25.8	16.1	2.8	831	330	
Retail companies	86.8	73.5	7.7	6.6	5,116	3,728	
Headquarters and other companies	11.5	15.7	(1.6)	0.6	25	25	
	416.1	360.7	41.0	34.5	10,324	8,688	
Australasia	57.1	54.4	4.7	4.0	1,371	1,229	
Rest of World	87.6	79.5	11.7	10.4	2,495	2,521	
TOTAL	1,427.6	1,290.4	130.1	105.7	33,120	32,480	

Export sales and profits are included in the appropriate overseas areas.  
Trading profits are shown after the allocation of group headquarter costs.  
Exports from the UK are analysed as follows:

	£m	£m
	1987	1986
External	57.4	52.2
Intra group	33.6	22.5
Total exports	<u>91.0</u>	<u>74.7</u>

## 3 Trading profit

	£m	£m
	1987	1986
Trading profit is after charging the following:		
Wages and salaries	286.8	269.6
Social security costs	34.3	31.0
Pension costs	11.8	10.5
Depreciation on owned assets	48.0	41.8
Depreciation on assets held under finance leases	3.0	1.9
Hire charges under operating leases—plant and machinery	5.1	4.0
—other	12.7	10.5
Auditors' remuneration	0.8	0.7

## 4 Interest

	£m	£m
	1987	1986
Interest payable on:		
Bank borrowings and short term loans repayable within five years	20.1	22.8
Finance leases	1.6	1.6
Long term loans	2.8	0.6
	<u>24.5</u>	<u>25.0</u>
Interest receivable	(6.5)	(4.4)
	<u>18.0</u>	<u>20.7</u>

	£m 1987	£m 1986
<b>5 Taxation</b>		
Based on the profits of the year:	22.0	11.7
UK corporation tax at 35% (1986 36.25%)	(3.8)	2.7
Advance corporation tax written off less recoveries	6.0	3.8
Overseas taxes payable at various rates	0.5	(0.1)
Adjustments relating to previous years	24.7	18.1
	(0.5)	(6.3)
Deferred tax	24.2	17.8

UK corporation tax payable on future profits will be reduced by advance corporation tax of £12.5 million (1986 £15.3 million) already paid or provided.  
The company is not a close company for taxation purposes and there has been no change in this respect since the end of the financial year.

- 6 Extraordinary items**  
The charge in 1986 of £11.3 million for extraordinary items is in respect of rationalisation costs in the UK and overseas.

- 7 Profit attributable to Rowntree plc**  
The group accounts do not include a separate profit and loss account for Rowntree plc (the parent company) as permitted by section 228(7) of the Companies Act 1985. The amount of group profits attributable to Rowntree plc and dealt with in the accounts of the parent company is £46.2 million (1986 £19.9 million).

	Group £m	Parent company £m
<b>8 Reserves</b>		
Share premium	0.6	0.6
At 4 January 1987	2.6	2.6
Premium arising in year	(1.9)	(1.9)
Bond issue expenses	1.3	1.3
At 2 January 1988		
Revaluation reserve	47.7	
At 4 January 1987	(0.5)	
Currency adjustment	(1.9)	
Write down of revalued assets	45.3	
At 2 January 1988		
Capital reserve	59.5	223.8
At 4 January 1987	1.8	
Arising on acquisition of subsidiary	(8.8)	
Goodwill on acquisitions	52.5	223.8
At 2 January 1988		
Profit and loss account	174.2	77.5
At 4 January 1987	(27.7)	(42.4)
Currency translation differences	54.5	12.8
Transfer from profit and loss account	(1.7)	4.7
Other movements	199.3	52.6
At 2 January 1988		

Currency translation differences are after crediting £28.3 million (1986 £0.6 million) arising from the restatement of foreign currency borrowings used to finance overseas investments.  
Other movements comprise prior year adjustments not affecting the results for 1987 or 1986.

## 9 Dividends

	£m	£m
	1987	1986
Ordinary		
Paid 4 January 1988: Interim of 5.0p per share (1986 4.4p per share)	10.6	9.4
Proposed: Final of 10.5p per share (1986 9.2p per share)	22.7	19.1
Preference	0.1	0.1
	<u>33.4</u>	<u>28.6</u>

## 10 Earnings per ordinary share

Earnings per share is calculated on the profit attributable to ordinary shares, before extraordinary items, of £87.8 million (1986 £66.1 million) and 215.0 million ordinary shares (1986 188.7 million) being the average number in issue during the year. There is no material dilution of earnings per share as a result of the convertible bond issue, outstanding share warrants and options under the employee share option schemes.

## 11 Tangible assets

	Group		Parent company	
	Land & Buildings	Plant & Machinery	Land & Buildings	Plant & Machinery
	£m	£m	£m	£m
Cost or valuation				
At 4 January 1987	185.7	515.3		222.0
Currency adjustments	(12.7)	(35.7)		
Additions	7.4	68.8		0.5
Transfer from (to) subsidiaries (see note below)			1.3	(220.3)
On acquisition of subsidiaries	6.9	1.8		
Disposals	(3.7)	(25.3)	(0.1)	(0.2)
Transfer to revaluation reserve	(2.3)			
At 2 January 1988	181.3	524.9	1.2	2.0
Comprising—Freehold properties	163.5		0.3	
Properties held on long lease	8.5		0.8	
Properties held on short lease	9.3		0.1	
	181.3		1.2	
At cost	77.1	524.9	1.2	2.0
At 1981 valuation	104.2			
	181.3	524.9	1.2	2.0

The valuation in 1981 was based on existing use and represented mainly depreciated replacement cost.

### Depreciation

At 4 January 1987	13.9	212.0		95.6
Currency adjustments	(1.0)	(12.8)		
Disposals	(0.2)	(19.5)		(0.1)
Transfer to revaluation reserve	(0.4)			
Transfer from (to) subsidiaries			0.1	(94.9)
Charged in the profit and loss account	3.4	47.6		0.3
At 2 January 1988	15.7	227.3	0.1	0.9
Net book amount at 2 January 1988	165.6	297.6	1.1	1.1
Net book amount at 3 January 1987	171.8	303.3		126.4

Tangible assets at 2 January 1988 include the following in respect of assets held under finance leases:

Cost	5.0	30.2	—	—
Aggregate depreciation	0.6	12.7	—	—
Net book amount at 2 January 1988	4.4	17.5	—	—
Net book amount at 3 January 1987	4.1	20.0	—	16.0

Tangible assets would have been included on an historical cost basis at:

	Group	
	£m	£m
	1987	1986
Cost	656.3	647.9
Aggregate depreciation	243.3	222.8
Net amount	<u>413.0</u>	<u>425.1</u>

Following the incorporation of the UK trading divisions on 4 January 1987 the trading assets and liabilities of the parent company were transferred to those subsidiaries at net book amount.

**12 Investment in subsidiaries at cost**

	Parent company £m
At 4 January 1987	23.6
Movements during the year	17.4
At 2 January 1988	41.0

The group's principal subsidiaries are set out on page 8.

**13 Commitments**

Capital expenditure authorised at 2 January 1988 by the respective boards of directors:

	Group		Parent company	
	£m	£m	£m	£m
	1987	1986	1987	1986
Contracts placed	15.2	17.9	—	5.7
Contracts not yet placed	19.8	25.2	0.1	11.3
	35.0	43.1	0.1	17.0
At 2 January 1988 the group had annual commitments under non-cancellable operating leases as set out below:				
Operating leases which expire:				
Within one year	1.9	2.0	—	0.8
Between one and five years	6.6	6.5	—	0.9
In five years or more	8.1	5.9	0.1	0.1
	16.6	14.4	0.1	1.8

**14 Stocks**

	Group		Parent company	
	£m	£m	£m	£m
	1987	1986	1987	1986
Raw materials and consumables	77.7	83.3	—	41.4
Work in progress	14.8	15.6	—	9.6
Finished goods and goods for resale	71.0	78.0	—	33.9
	163.5	176.9	—	84.9

**15 Debtors**

	Group		Parent company	
	£m	£m	£m	£m
	1987	1986	1987	1986
Trade debtors	153.1	150.8	—	47.6
Amounts owed by group companies	—	—	695.0	491.4
Other debtors	47.6	45.2	1.1	5.1
Prepayments and accrued income	14.2	12.5	0.7	6.1
	214.9	208.5	696.8	550.2

Included in "other debtors" are instalment sale contracts and notes receivable from US distributors amounting to £23.7 million (1986 £29.4 million) of which £19.5 million (1986 £23.2 million) are receivable after more than one year. Instalment sale contracts arise from the financing of vending machines, parts and related services. They are repayable in equal monthly amounts over 2 to 10 years and bear interest at rates of 9% to 14% per annum. Notes receivable are secured loans to distributors to finance working capital and are repayable in varying amounts over periods of up to 10 years and bear interest at rates of 6% to 15% per annum.

**16 Other creditors—amounts falling due within one year**

	Group		Parent company	
	£m	£m	£m	£m
	1987	1986	1987	1986
Trade creditors	138.2	129.2	5.1	57.1
Amounts owed to group companies	—	—	45.5	52.0
Bills of exchange	7.7	9.2	—	1.5
Taxation	23.5	21.8	13.2	13.1
Social security and payroll deductions	10.2	10.8	0.1	5.4
Accruals	18.8	15.2	0.9	2.8
Other creditors	9.9	9.5	4.9	3.2
Obligations under finance leases	2.9	3.1	—	2.0
Proposed dividends	33.5	20.2	33.5	20.2
	244.7	208.5	103.2	122.3



**17 Creditors** – amounts falling due after more than one year

	Group		Parent company	
	£m	£m	£m	£m
	1987	1986	1987	1986
Taxation:	1.9	2.0	–	–
Accruals	0.4	1.4	–	–
Obligations under finance leases:				
Between one and five years	11.3	12.1	–	7.2
In five years or more	5.2	7.1	–	6.2
	<u>18.8</u>	<u>22.6</u>	<u>–</u>	<u>13.4</u>

**18 Loan capital**

	Group		Parent company	
	£m	£m	£m	£m
	1987	1986	1987	1986
Bank loans	126.1	132.7	116.6	123.0
Other loans				
10½% Eurosterling bonds		8.4		
7½% Bonds 1989	30.0	30.0	30.0	30.0
6½% and 6¾% Industrial revenue bonds (secured on land and buildings)	5.3	6.7		
Floating rate Industrial revenue bond (secured on buildings)	0.7	0.9		
9½% Mortgage loan (secured)	0.1	0.1		
9% Notes		0.2		
4½% Convertible bonds 2002	69.0		69.0	
	<u>231.2</u>	<u>179.0</u>	<u>215.6</u>	<u>153.0</u>
Repayable as follows:				
Bank loans				
Between one and two years	1.0	1.5		
Between two and five years	123.5	128.1	116.6	123.0
In five years or more	1.6	3.1		
	<u>126.1</u>	<u>132.7</u>	<u>116.6</u>	<u>123.0</u>
Other loans				
Between one and two years	30.0	8.6	30.0	
Between two and five years	0.2	30.2		30.0
In five years or more	74.9	7.5	69.0	
	<u>105.1</u>	<u>46.3</u>	<u>99.0</u>	<u>30.0</u>

The above bank loans have been negotiated at variable interest rates which at 2 January 1988 ranged between 5% and 14.5%. Bank loans repayable between two and five years include borrowings of £89.4 million (1986 £33.5 million) repayable within one year but which are backed by a long term bank facility and have therefore been included on the basis of the maturity of the bank facility.

The 4½% Convertible bonds were issued in bearer form on 31 March 1987 in connection with the financing of the group's borrowings. The market price of the bonds was 102.5p per bond on 17 March 1987, the date on which the terms of the issue were fixed. Holders of the bonds have the option to require the company to redeem each bond on 31 March 1992 at a redemption price of 125% of the principal amount or to convert into ordinary shares of Rowntree plc at a price of 567p per share up to and including 23 March 2002. No provision has been made for the additional cost that would arise in the event that bondholders exercise their option to redeem the bonds in 1992. The bonds may be redeemed at the option of the company at a premium to the issue price reducing annually until 30 March 1993, subject to certain conditions being satisfied, and thereafter at par.

**19 Aggregate bank borrowings**

	Group		Parent company	
	£m	£m	£m	£m
	1987	1986	1987	1986
Overdrafts and short term loans	25.2	81.6	92.2	20.8
Loans	126.1	132.7	116.6	123.0
	<u>151.3</u>	<u>214.3</u>	<u>208.8</u>	<u>143.8</u>

Bank borrowings in 1986 included £0.4 million of overseas borrowings secured on land and buildings.

## 20 Provisions for liabilities and charges

	Group		Parent company	
	Rationalisation costs	Deferred taxation	Rationalisation costs	Deferred taxation
	£m	£m	£m	£m
At 4 January 1987	20.8	5.7	11.3	4.7
Currency adjustment	(0.4)			
Costs incurred during the year	(13.8)			
Transfer to subsidiaries			(11.3)	
Arising on acquisition of subsidiaries	0.5			
Transfer to profit and loss account		(0.5)		
Transfer to reserves		(2.7)		(4.7)
At 2 January 1988	7.1	2.5	-	-

The deferred taxation provision is in respect of capital allowances and is based on forecasts of future capital expenditure. The amount of unprovided deferred taxation, computed under the liability method, is made up as follows:

	Group		Parent company	
	£m	£m	£m	£m
	1987	1986	1987	1986
Deferred by capital allowances	52.4	48.1	0.2	24.0
Other timing differences	(0.8)	(0.6)	(1.5)	(1.8)
Deferred in respect of revaluation surpluses	12.8	13.9		
	64.4	61.4	(1.3)	22.2

## 21 Called up share capital

	Group		Allotted and fully paid	
	£m	£m	£m	£m
	1987	1986	1987	1986
6% (now 4.2% net) First cum. pref. shares of £1 each	1.0	1.0	1.0	1.0
7% (now 4.9% net) Second cum. pref. shares of £1 each	1.0	1.0	0.8	0.8
7½% (now 5.25% net) Third cum. pref. shares of £1 each	1.0	1.0	0.9	0.9
	3.0	3.0	2.7	2.7
Ordinary shares of 50p each	157.0	157.0	107.5	106.7
	160.0	160.0	110.2	109.4

During 1987 options over 953,903 ordinary shares were exercised under the group's share option schemes at an average price of 211p per share and 88,832 ordinary shares at 482p per share were allotted to the Employee Share Trust under the UK Profit Sharing Scheme.

On 5 October 1987 365,860 ordinary shares were allotted to finance part of the cost of the acquisition of Restaurants International Ltd.

At 2 January 1988 options were outstanding over 7,711,754 ordinary shares. These options entitle holders to purchase the shares at prices varying between 151p and 570p at various dates between 1988 and 1997. Options over and interests in a further 10,903,923 ordinary shares may be granted up to 1991 under the group's employee share schemes.

During 1987 warrants in respect of 232,704 ordinary shares were exercised under the 7½% Bonds 1989 at a price of 330p each. On 2 January 1988 there were share warrants outstanding which carried rights to subscribe for 8,858,205 ordinary shares at 330p each in the period to 1 October 1989.

On 2 January 1988 there were convertible bonds outstanding entitling the holders to subscribe for 12,169,312 ordinary shares at 567p each during the period to 23 March 2002.

On 15 March 1988 the following were interested in the classes of shares in the company to the extent set out opposite their respective names:

	6% Preference shares	
	Number	Percentage
Norwich Union	150,300	(15.0%)
Midland Bank Trust Company	98,500	(9.9%)
Guardex Investment Co Limited	67,000	(6.7%)
The Lion Confectionery Co Limited	60,000	(6.0%)
River and Mercantile Trust plc	50,000	(5.0%)
Provincial Insurance plc	50,000	(5.0%)
	7% Preference shares	
	Number	Percentage
Midland Bank Trust Company	79,500	(9.8%)
Agricultural Mortgage Corporation	68,000	(8.4%)
Prudential Assurance Co Limited	62,500	(7.7%)
Jove Investment Trust	50,000	(6.2%)
Investment Company plc	49,900	(6.2%)
D Le Grove	44,250	(5.5%)

Except as indicated above, the directors are not aware of any other person holding or being beneficially interested in 5% or more of the issued share capital of the company.

## 22 Contingent liabilities

Rowntree plc has guaranteed subsidiary borrowings of £7.4 million (1986 £5.5 million).

Tom's Foods Inc has guaranteed the repayment of amounts borrowed by certain US distributors of £1.1 million (1986 £1.5 million).

Rowntree Macintosh SA has a contingent liability in respect of discounted bills receivable amounting to £2.3 million (1986 £1.4 million).

## 23 Acquisitions

	£m	£m
	1987	1986
Tangible assets	8.7	29.1
Stocks, debtors less creditors	(2.2)	(3.6)
Bank balances	(1.1)	(0.2)
	5.4	25.3
Goodwill on acquisitions	8.8	164.6
Purchase consideration including costs	14.2	189.9

365,860 shares were issued in connection with the acquisition of the whole of the issued share capital of Restaurants International Ltd. The merger relief provisions of section 131 Companies Act 1985 have been applied and share premium of £1.8 million has not therefore been recorded in respect of these shares.

All acquisitions have been accounted for using acquisition accounting principles.

## 24 Directors and employees

	£000	£000
	1987	1986
The emoluments of the directors were as follows:		
Emoluments		
—UK	1,055	878
—Overseas	414	331
The chairman (excluding pension contributions)	138	113

Other directors and employees whose duties were performed wholly or mainly in the UK earned gross emoluments, excluding pension contributions, within the bands

Gross emoluments	Directors		Employees	
	Number		Number	
	1987	1986	1987	1986
5,001– 10,000	3	4		
15,001– 20,000		1		
30,001– 35,000			21	26
35,001– 40,000			14	6
40,001– 45,000			4	8
45,001– 50,000			8	7
50,001– 55,000			5	1
55,001– 60,000			2	2
60,001– 65,000			2	4
65,001– 70,000		2	1	
70,001– 75,000		1	1	
75,001– 80,000		4		
85,001– 90,000	2			
95,001– 100,000	4			
100,001– 105,000	1			

Gross emoluments include performance-related bonuses payable to executive directors (excluding the chairman) and senior executives.

In 1987 the chairman waived his entitlement to £3,300 payable in respect of 1986 under the UK profit sharing scheme. He has also waived his 1987 entitlement which would have been paid in 1988.

## 25 Other statutory information

### Directors' interests

Beneficial interests, including options granted under the group's employee share option schemes, of the directors in the share capital of the company at 4 January 1987 or at date of appointment and at 2 January 1988 are set out below:

		Ordinary shares	Ordinary shares over which options have been granted	6% Preference shares
K H M Dixon	4.1.87	7,243	9,761	100
	2.1.88	7,243	89,761	100
D Cramb	4.1.87	3,045	6,650	100
	2.1.88	2,960	46,650	100
P H Blackburn	4.1.87	2,155	7,831	
	2.1.88	3,589	45,843	
D B Bowden	4.1.87	2,526	15,062	100
	2.1.88	2,961	53,203	100
D E Cook	1.7.87	—		
	2.1.88	500		
T Copley	4.1.87	3,275	16,654	
	2.1.88	5,741	53,308	
J Guerin	4.1.87	3,406	11,450	
	2.1.88	3,406	51,450	
R A Kaner	4.1.87	7,865	7,437	
	2.1.88	7,811	47,437	
J L Mackinlay	4.1.87	14,175	16,456	
	2.1.88	14,641	48,328	
N J Nightingale	4.1.87	1,616	6,239	
	2.1.88	2,020	46,239	
R Sugden	4.1.87	6,877	13,405	
	2.1.88	9,289	50,993	
J A P Treasure	4.1.87	500		
	2.1.88	500		
Sir Graham Wilkins	4.1.87	1,250		
	2.1.88	1,250		

There has been no change in the interests shown above between 2 January 1988 and 15 March 1988.

Sir Michael Franklin was appointed a director on 15 March 1988.

On 7 July 1987, 42 senior executives around the world, including executive directors, were granted options over 760,000 ordinary shares exercisable at 570p per share. These options include an option over 80,000 ordinary shares granted to the chairman and options over 40,000 ordinary shares granted to each of the other executive directors.

Save as aforesaid, at no time during the year has any director had any material interest in a contract with any group company, being a contract of significance in relation to the company's business.

### Directors' quasi-loans

During 1987 the company provided current account facilities for a number of employees. In the case of each director any amounts outstanding were limited to £1,000 and were settled within two months, the facilities in part comprising quasi-loans complying with section 332(1) of the Companies Act 1985.

# Auditors' Report

To the members of Rowntree plc

We have audited the accounts on pages 30 to 42 in accordance with approved 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 2 January 1988 and of the profit and source and application of funds of the group for the 52 weeks then ended and comply with the Companies Act 1985.

Price Waterhouse chartered accountants

*Price Waterhouse*

London and Leeds

15 March 1988

# Group Financial Review

## 1983-1987

	£m	£m	£m	£m	£m
	1983	1984	1985	1986	1987
<b>Turnover</b>					
United Kingdom and Ireland	458.1	487.6	508.2	536.0	566.4
Continental Europe	182.8	207.7	216.0	259.8	300.4
North America	175.0	308.6	344.2	360.7	416.1
Australasia	48.2	58.0	51.7	54.4	57.1
Rest of World	87.8	94.6	85.1	79.5	87.6
	951.9	1156.5	1205.2	1290.4	1427.6
<b>Trading profit</b>					
United Kingdom and Ireland	37.8	40.6	48.0	51.7	61.7
Continental Europe	1.9	3.0	2.1	5.1	11.0
North America	16.8	31.5	37.4	34.5	41.0
Australasia	0.5	1.8	2.2	4.0	4.7
Rest of World	16.4	16.9	12.0	10.4	11.7
	73.4	93.8	101.3	105.7	130.1
<b>Interest</b>	(12.2)	(19.3)	(22.0)	(21.7)	(18.0)
<b>Profit on ordinary activities before taxation</b>	61.2	74.5	79.3	84.0	112.1
<b>Taxation</b>	(14.9)	(16.5)	(18.6)	(17.8)	(24.2)
<b>Extraordinary items</b>	(13.5)	(11.5)	(16.5)	(11.3)	—
<b>Profit attributable to Rowntree plc</b>	32.8	46.5	44.2	54.9	87.9
<b>Dividends</b>	(15.7)	(18.4)	(20.9)	(29.3)	(33.4)
<b>Added to reserves</b>	17.1	28.1	23.3	25.6	54.5
<b>Earnings per ordinary share—p per share</b>	29.9	34.8	34.8	35.0	40.8
<b>Ordinary dividends—p per share</b>	9.75	11.00	12.20	13.60	15.50
<b>Capital employed</b>					
Ordinary share capital and reserves	346.3	389.9	371.7	388.7	405.9
Preference shares and minority interests	2.8	2.8	2.8	2.7	2.7
Net borrowings	129.1	140.6	148.1	191.5	159.9
	478.2	533.3	522.6	582.9	568.5
<b>Assets</b>					
Tangible assets	359.7	408.5	403.1	475.1	463.2
Stocks, debtors less creditors	118.5	124.8	119.5	107.8	105.3
	478.2	533.3	522.6	582.9	568.5

# Notice of Meeting

Notice is hereby given that the 91st annual general meeting of Rowntree plc will be held in the Joseph Rowntree Theatre, Haxby Road, York on Tuesday 26 April 1988 at 3 pm for the following purposes:

1. To receive the directors' report and accounts and the auditors' report for the 52 weeks ended 2 January 1988.
2. To declare a final dividend.
3. To re-elect directors.
4. To reappoint the auditors.
5. To authorise the directors to fix the auditors' remuneration.
6. As special business to consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

"That for the purposes of paragraph (E) of article 1 of the company's articles of association the aggregate amount of fees that may be paid to members of the board who do not hold any other office or place of profit under the company shall not exceed £100,000 per annum".

7. As special business, to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:


"That the directors be and they are hereby empowered in accordance with section 95 of the Companies Act 1985 to allot equity securities pursuant to the authority conferred on them by resolution of the company passed on 7 October 1986 as if subsection (1) of section 89 of the said Act did not apply to any such allotment provided that this power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be after giving effect to such arrangements as the directors may deem necessary or expedient in order to deal with fractional entitlements or the effects of securities laws or regulations applicable in any country) to the respective numbers of ordinary shares held by them, and
- (b) to the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to an aggregate nominal value of £5,377,036

and shall expire on the date of the next annual general meeting of the company after the passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired".

A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the company. The completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person.

By order of the board

  
N J Nightingale secretary  
15 March 1988

## NOTES

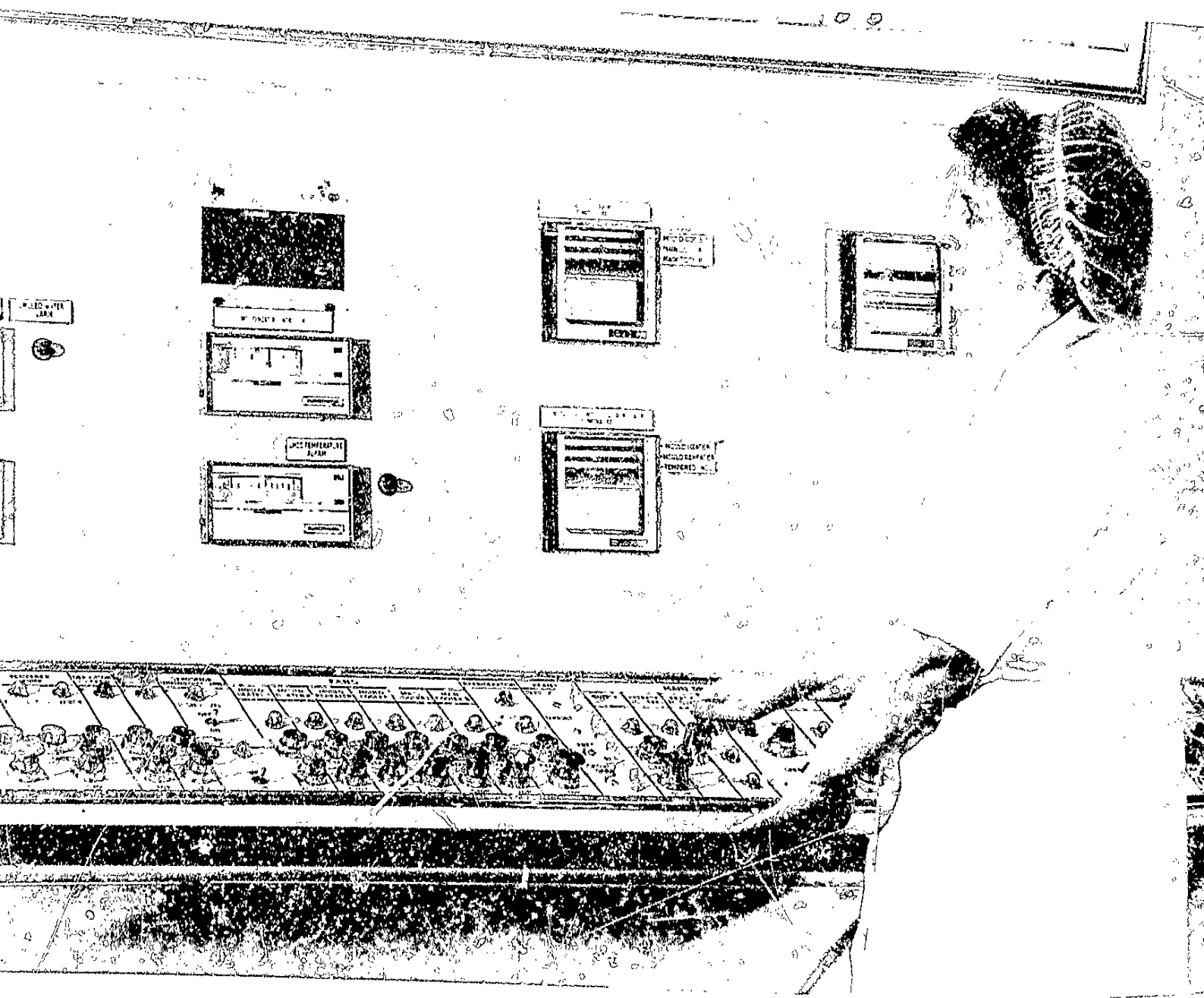
1. This notice is being sent to all members but only holders of ordinary shares, 6 per cent. first and 7 per cent. second preference shares are entitled to attend and vote at the meeting.
2. To be valid forms of proxy must reach the registered office of the company not less than 48 hours before the time appointed for the meeting.
3. In accordance with the requirements of the Council of The International Stock Exchange there will be available for inspection at the company's registered office during usual business hours from

the date of this notice until the conclusion of the annual general meeting and also at the Joseph Rowntree Theatre at fifteen minutes prior to and during the meeting.

- (i) particulars of transactions of each director and of his family interests in the share capital of the company and its subsidiaries; and
- (ii) copies of all contracts of service between directors of the company and the company or any of its subsidiaries.

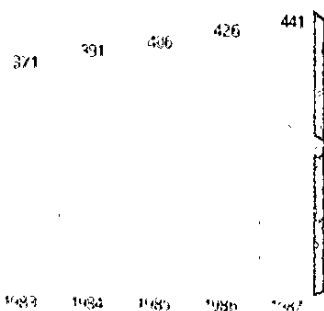
# People and Places

# United Kingdom & Republic of Ireland





Sales £m Rowntree Mackintosh Confectionery



### Rowntree Mackintosh Confectionery

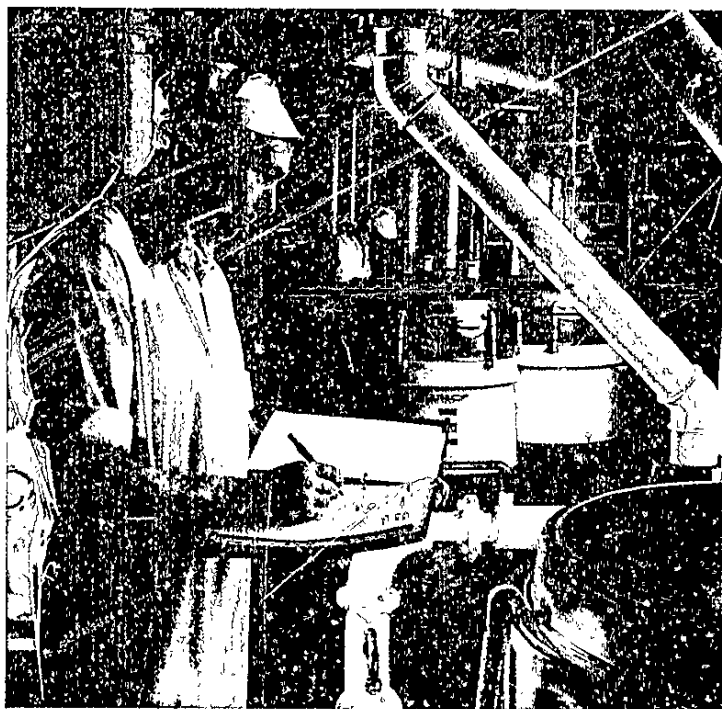
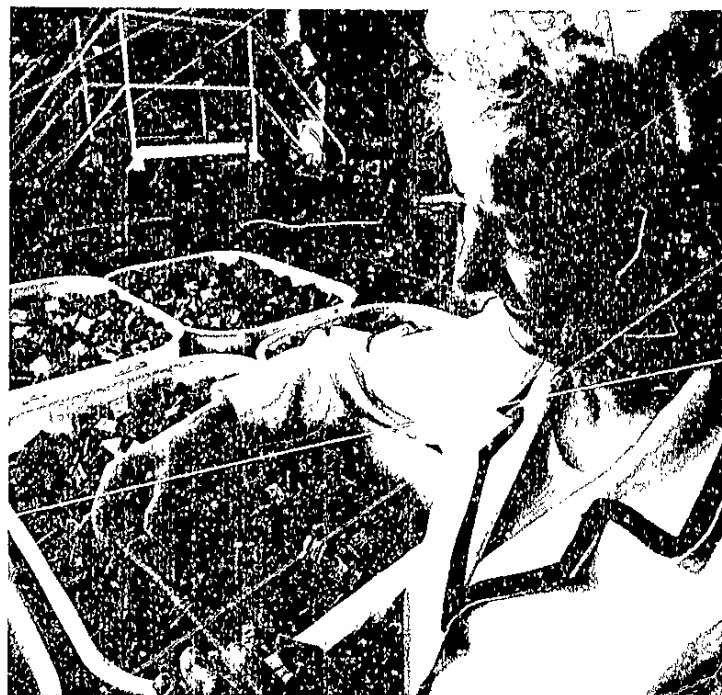
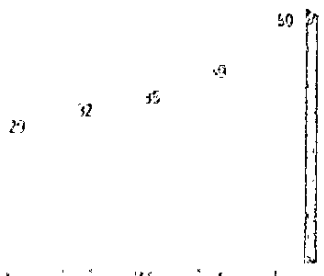
manufactures confectionery for both the home and export markets. With UK sales of well over £400 million per year it ranks around 200 in the list of top 1,000 companies in the UK. It has production facilities in eight towns and cities in the UK and employs 11,900 people.

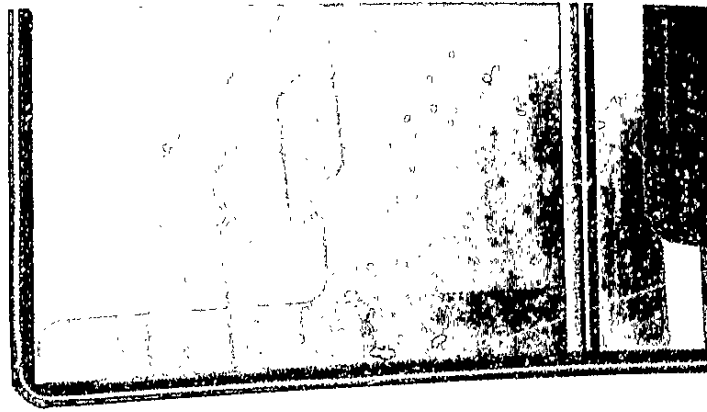
Holding a 21% share of the UK confectionery market, the company has more than 40 different brands of which many are household names around the world. Kit Kat is the largest selling confectionery brand in the UK. Quality Street is the best selling assortment, Smarties is one of the leading children's candies and Polo the best selling sugar-based confectionery.

The company's products are sold at nearly a quarter of a million outlets throughout the UK.

**Rowntree Sun-Pat** based in Hadfield employs just over 700 people in the production of a range of packaged grocery brands. These include Rowntree's Table Jellies, introduced in 1923 and still outselling all other jellies, and two other market leaders, Sun-Pat Peanut Butter and Gale's Honey.

Sales £m Rowntree Sun Pat





Rowntree Distribution  
A Division of Rowntree plc  
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**Rowntree Snack Foods** in Scunthorpe makes potato crisps under the Riley's, Murphy's and Groovers brand names in addition to its nuts and other popular extruded snacks such as Nik-Naks and Wheat Crunchies. The majority of its branded products are sold and distributed directly to customers via its nationwide van delivery service.

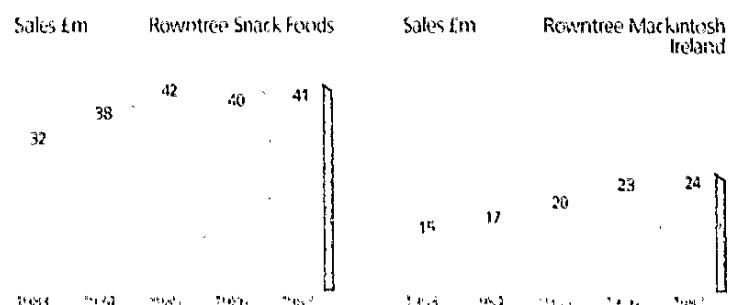
**Rowntree Distribution**, based in York, operates a large fleet of lorries and vans delivering goods to our distribution depots in the UK and to customers. Last year the fleet covered eight million miles and made deliveries to 30,000 outlets.

**Rowntree Mackintosh Ireland** markets the full range of Rowntree confectionery brands, and at its new factory in Dublin produces Double Centre, Scots' Clan and Yorkshire Toffee for the Irish market.

**Holgate's** in Mid-Wales is a leading manufacturer of own label bars for the health food and slimming trade. It also sells honey, ice-cream and preserves through its own shop and via sales representatives to the Welsh tourist trade.

**Multisnack**, based in Halifax, was established in 1986 to sell confectionery, snack foods and soft drinks through vending machines. The machines are located in busy areas such as leisure centres, educational institutions and hospitals.

Rowntree's other activities in the UK are carried out by the **Original Cookie Company** supplying fresh baked cookies through eight stores principally in shopping malls. **Elect Chocolates** selling luxury chocolates, produced by the Belgian chocolatier Godiva, from three outlets in London. **Richoux** operating six high class restaurants in the south of England and specialising in elegantly presented light meals and traditional English dishes.

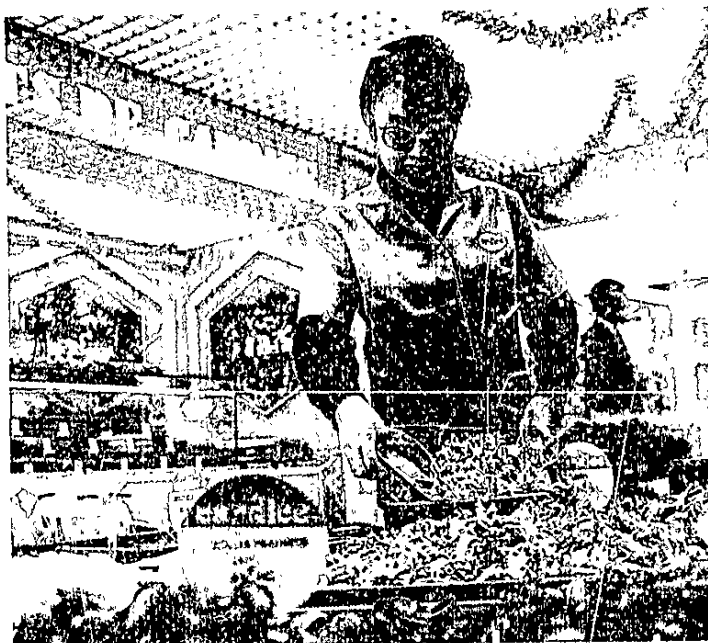
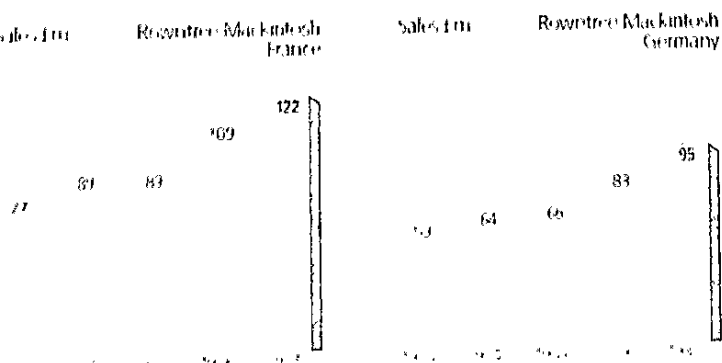




With its headquarters in Paris, our European Region operates factories and distribution companies in France, West Germany and the Netherlands, and distribution companies in Italy, Belgium, Spain and Sweden. In other countries of continental Europe and offshore, from Greenland to the Azores, products made at our European and UK factories are marketed and distributed by agents. Confectionery is also sold to eastern European countries, mainly in the German Democratic Republic. Both international Rowntree brands and local products are made by our European Region factories.

**Rowntree Mackintosh France** is the joint market leader in the French chocolate market, with Lion Bar, Nuts, Smarties and Quality Street among the top 10 brands. The company has factories at Noisiel, near Paris, where production includes Lion Bar and Polo, and Dijon where the major brands are Quality Street, Tanvin assortments, Escargots and Rocher products. Approximately 1,400 people are employed by the company.

**De Neuville** was bought in 1986 and marked the beginning of our retailing operations in continental Europe. The company now operates 29 franchised stores which sell high quality fresh chocolates. Our French retailing activities were given additional strength in 1987 by acquiring the chain of **Candice** and **Martial** confectionery shops and **Sunset** ice-cream kiosks. Altogether the chain has 117 outlets, located mainly in the Paris area and other major cities.





**Rowntree Mackintosh Germany** is a leading company in the boxed chocolate sector of the German market with After Eight, Quality Street and the popular local brand Cheesecake Crossies. It has a growing share in other market sectors with Nuts, Smarties and Lion. The company in Langenfeld employs 1,200 people and makes braces for both Germany and other continental markets.

**Rowntree Mackintosh Holland** is the second largest supplier to the Dutch chocolate market, in which Nuts, Smarties and Lion are among the top brands. The company, based at Eist near Arnhem, employs 310 people and produces our major European brand, Nuts.

In addition to the manufacturing companies we operate four distribution companies within continental Europe. **Rowntree Mackintosh Belgium**, based in Antwerp, supplies the Belgian market in which Quality Street is our leading brand. **Rowntree Mackintosh Italy**, in Pianora near Bologna, distributes major Rowntree brands including Fruit Joy (Fruit Pastilles), Lion Bar and Polo to the Italian market. **Rowntree Mackintosh Spain** was formed in January and **Rowntree Mackintosh Sweden** in March to meet the growing demand for our products in those countries. In Spain Smarties did particularly well and in Sweden After Eight continued to increase its sales.

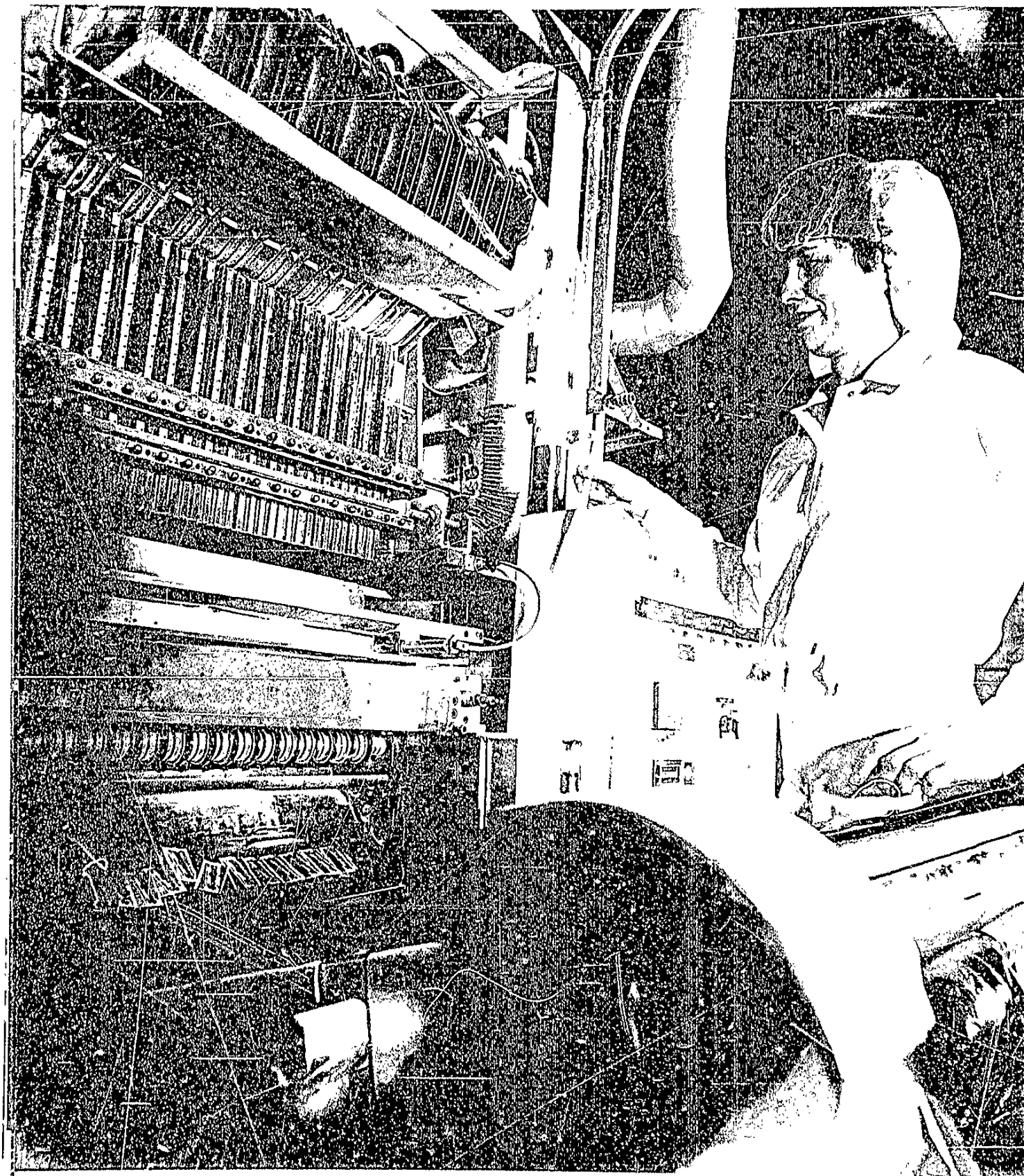
Our other major European markets, including Scandinavian countries, Austria, Switzerland and Portugal, are serviced through a system of local distributors. Their activities are co-ordinated by **Rowntree Mackintosh European Exports** based in York.

Rowntree Mackintosh European Exports Ltd  
York

24 13 12 11 84





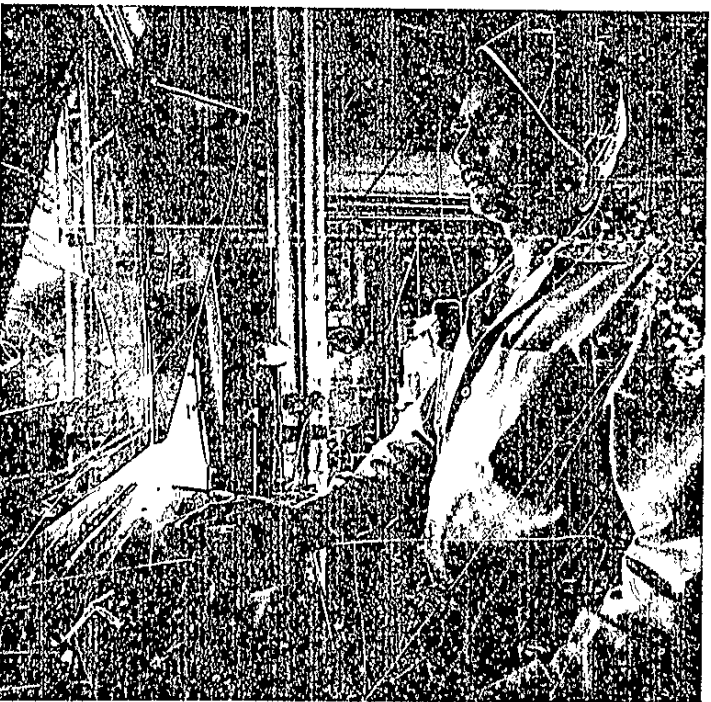


## North America

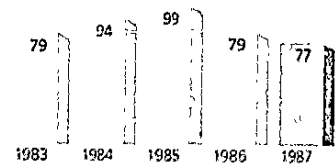
For more information, contact your local representative or write to:

North America, Inc., 1000 North 1st Street, Suite 100, St. Paul, MN 55101





Sales £m Rowntree Mackintosh Canada



The Region's headquarters in Toronto is responsible for operating Rowntree's manufacturing and retailing businesses in the USA and Canada and its licensing agreement with Hershey for the production and marketing of Kit Kat and Rolo in the USA.

**Rowntree Mackintosh Canada** operates two major confectionery manufacturing plants, both based in Toronto. At Sterling Road we produce four of the top five bar products, with Coffee Crisp as the leader, and three of the top four boxed chocolates.

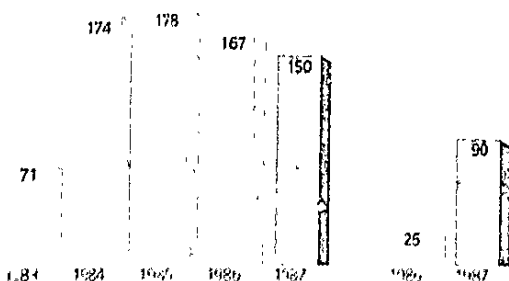
At Birchmount Road we produce the high quality Laura Secord chocolate confectionery which is sold through its own name stores.

**Sunmark**, based in St Louis, employs over 900 people manufacturing branded sugar lines for the children's and teenage markets. These include locally well-known brands such as Nerds and SweetTarts which are fruit flavoured tangy candies. A Sunmark subsidiary, David and Sons, has a substantial share of the US market for sunflower seed snacks. Sunfield, a smaller Sunmark subsidiary, sells health food bars through specialised outlets.

**Tom's Foods** is a leading US snack food company with a range of 350 products. The company employs 2,500 people in seven different factories. Currently, half the company's sales are of potato crisps sold through retail stores and vending machines.



Sales £m Tom's Foods Sales £m Sunmark





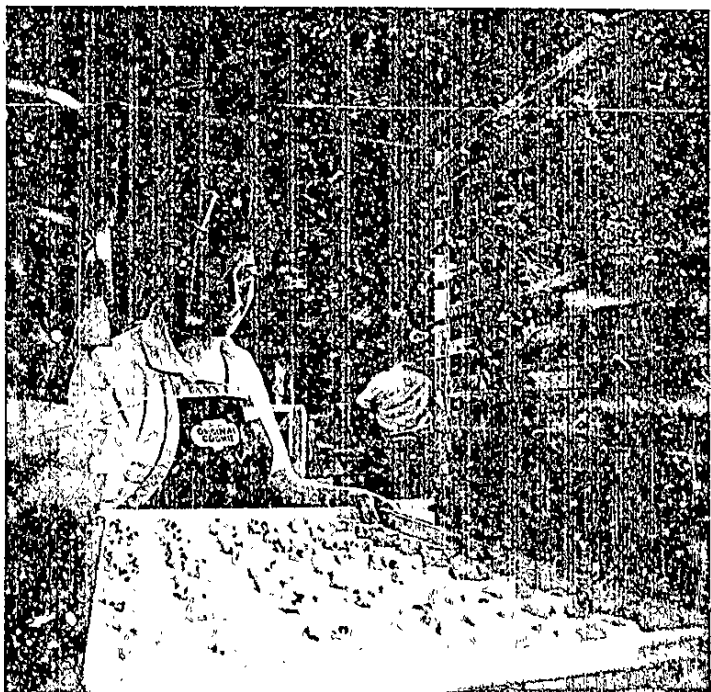
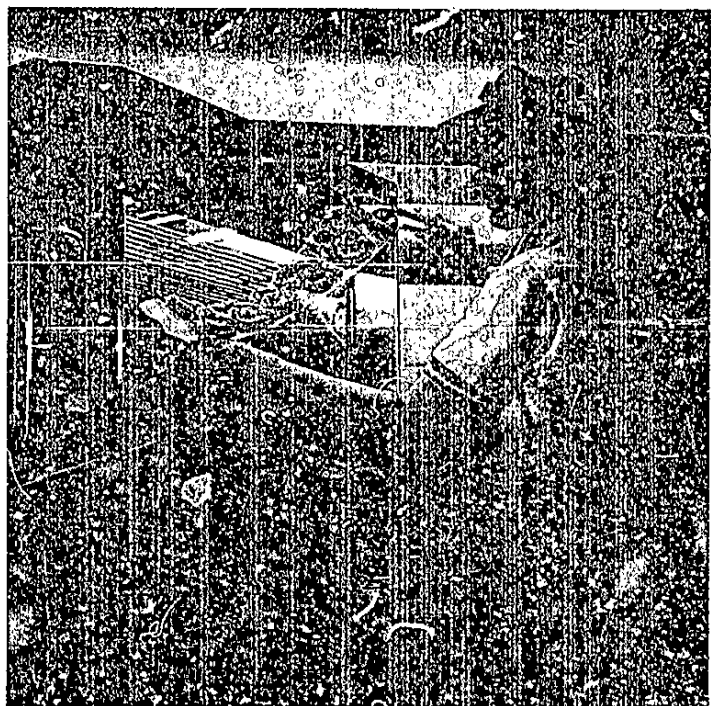
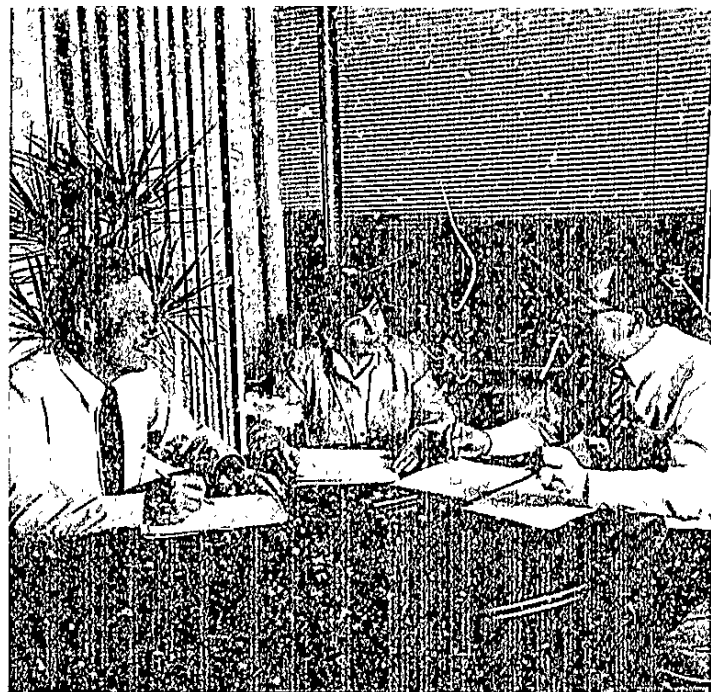
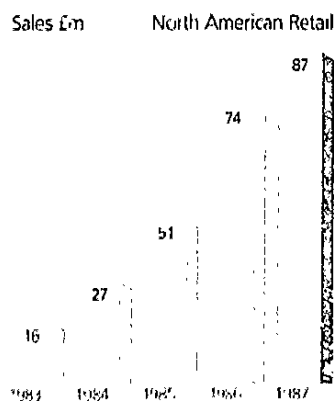
**Rowntree DeMet's** markets and distributes After Eight and Turtles through brokers across the USA.

Through our Retail division we operate five chains of retail stores in North America, two selling confectionery and three snack foods, all under single brand names associated with the chain. The stores are mainly situated in areas of high pedestrian traffic such as shopping malls.

Our largest snack food chain, employing 1,200 people, is **The Original Cookie Company**, the second largest fresh cookie chain in the USA with 217 stores in 26 states across the country and 2 in Canada. A range of delicious cookies is baked on the premises according to our own recipes.

High quality chocolates and ice-cream under the **Laura Secord** brand name are sold through 206 stores across Canada. **Gorant Candies** operates 30 stores in the middle west and north eastern United States, selling high quality chocolates, greetings cards and gifts.

Through our **Hot Sam** subsidiary we operate 161 stores selling the Hot Sam soft pretzels, again to a variety of recipes and baked on the premises. We sell, mainly in the south east, batter dipped frankfurters which are deep fried on the premises of the 113 Corn Dog on a Stick stores.

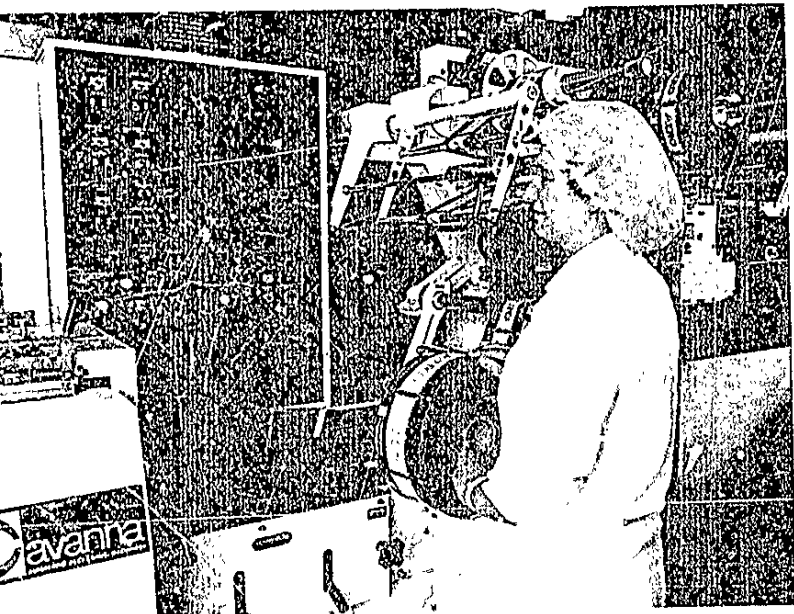




## International

George Krstevski, joined Rowntree's in 1984 after 11 years in Australia. He is a coffee and chocolate confectionery specialist. His wife, Dobrica, also works for the company in the packing department. Pictured on the opposite page are (left) Alexey Lascov, the company's new Guyana wrapping machines at Campbellfield; (top) Miroslav Malaba, operator of the new Guyana wrapping machines at Campbellfield; (right) Judy Lane, the manager of the new Guyana wrapping machines at Campbellfield.





**Rowntree Hoadley**, based in Campbellfield on the outskirts of Melbourne, produces our international brands such as Kit Kat, Smarties and Aero and local Australian brands. These include Violet Crumble, a honeycomb bar with a chocolate flavoured coating, Minties and the popular countline Polly Waffle.

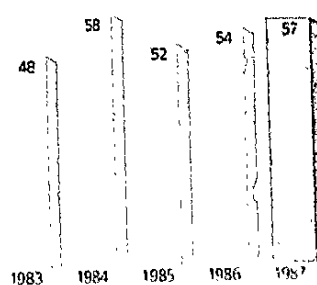
**Norgen-Vaaz** operates a chain of 48 stores in major Australian cities selling high-quality ice-cream and milk shakes, which contain only natural ingredients.

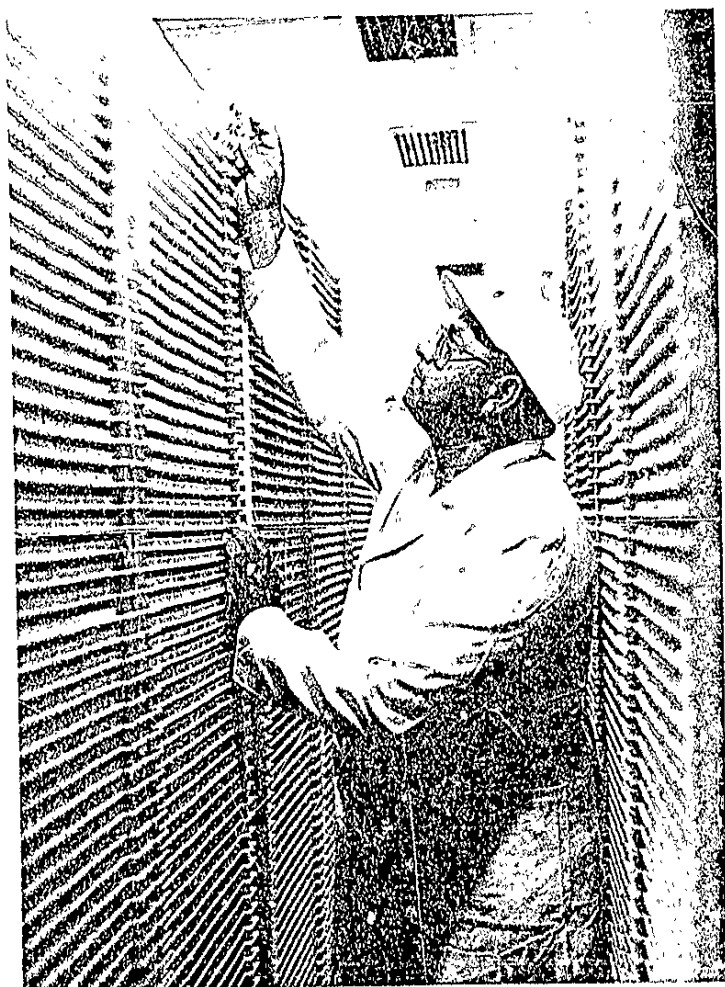
**Wilson-Rowntree** is a leading manufacturer of chocolate and sugar confectionery in South Africa. The workforce of 2,350 people is concentrated



Sales £m

Rowntree Hoadley





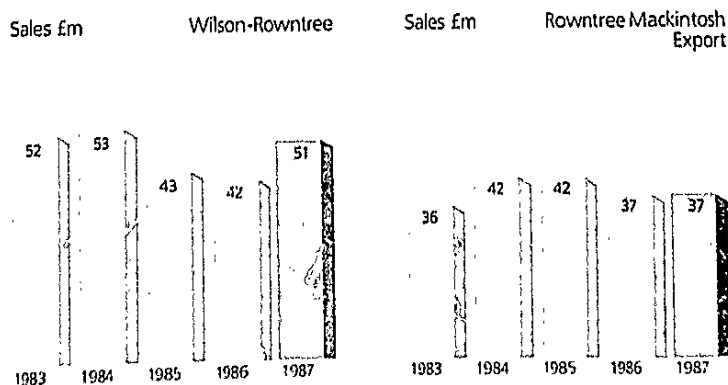
mainly in East London, but we also have distribution depots in other major cities.

Our two leading sugar confectionery products are Wilson's tube range and XXX Mints, and in the chocolate sector, Bar One, Kit Kat, Smarties and Tex are popular lines.

**Rowntree Mackintosh Export** sells our brands to over 100 different countries. Our main export markets are in the Middle East, which accounts for about two-thirds of sales, and the Far East. Quality Street, Kit Kat, Lion Bar, Toffee Crisp, Polo Mints and the Fox range are all leading export brands.

During 1987 a subsidiary of Rowntree Mackintosh Export was established in Singapore to market, sell and distribute our products in that country.

In addition to our own selling activities we have a licensing arrangement in Japan with Fujiya for Kit Kat and Golden Toffee Wafers.



(Above) Thomas Samuel's, assistant foreman, checking XXX Mints in the new conditioning room at Wilson Rowntree's East London factory  
(Right) The staff of Rowntree Mackintosh Singapore assembled before the distinctive city skyline.





# FINANCIAL CALENDAR

91st Annual General  
Meeting 26 April

Ordinary Dividend  
Record Date 3 June

Payment of Final  
Ordinary Dividend\* 1 July

Payment of Preference  
Dividends 30 June 31 Dec.

Interim Report September

\*Subject to declaration by the  
Annual General Meeting

FORM ML8



BULK LIST OF SHAREHOLDERS OR MEMBERS

microfiche

A bulk list (over 10 pages) for the company named below has been lodged but does not appear on this Annual Return microfiche.

If you wish to search the list, please enquire at the Search Control Counter.

Company Number 51491

Company Name Rowntree plc

Made-up-date 10th May 1988