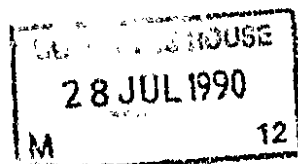


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ROWNTREE LIMITED

REPORT AND ACCOUNTS

30 DECEMBER 1989



DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and accounts for the fifty-two weeks ended 30 December 1989.

PRINCIPAL ACTIVITY

The principal activity of the company is as a holding company of Rowntree subsidiaries.

REVIEW OF THE BUSINESS

The company's name was changed from Rowntree plc to Rowntree Limited on 6th April 1989.

During the year the company sold its interests in Rowntree overseas subsidiaries and RM Sun Pat Limited to Nestlé group companies, retaining only its investments in the UK companies listed under note 6 to the accounts.

RESULTS AND DIVIDENDS

The profit after taxation and extraordinary items for the year was £144,662,000, which has been added to retained profits. The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS IN SHARES

The directors of the company were as follows:-

P H Blackburn	
D B Bowden	(Resigned 28 February 1989)
T Copley	(Resigned 5 April 1989)
K H M Dixon	(Resigned 19 August 1989)
T Gardiner	(Appointed 10 July 1989)
J Guerin	(Resigned 31 January 1989)
J L Mackinlay	(Resigned 24 January 1989)
G Millar	(Appointed 10 July 1989)
N J Nightingale	(Resigned 31 January 1989)
A Revell	(Appointed 10 July 1989)
R Sugden	

The interests of the directors in the loan capital of Nestlé Holdings (UK) plc are as follows:-

		<u>Loan Notes (£)</u>
P H Blackburn	1 January 1989	67,026.25
	30 December 1989	59,026.25
T Gardiner	10 July 1989	44,107.25
	30 December 1989	37,607.25
G Millar	10 July 1989	63,349.75
	30 December 1989	63,349.75
A Revell	10 July 1989	15,609.00
	30 December 1989	15,609.00
R Sugden	1 January 1989	-
	30 December 1989	-

AUDITORS

Price Waterhouse have indicated their willingness to be re-appointed.

By Order of the Board,

R F Haughton
R F Haughton
Secretary

Registered Office
York
YO1 1XY

28 February 1990

AUDITORS' REPORT TO THE MEMBERS OF
ROWNTREE LIMITED (formerly Rowntree plc)

We have audited the accounts on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 December 1989 and of its profit and source and application of funds for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE

Chartered Accountants
9 Bond Court
Leeds
LS1 2SN

28 February 1990

ROWNTREE LIMITED (formerly Rowntree plc)

PROFIT AND LOSS ACCOUNT FOR THE
FIFTY TWO WEEKS ENDED 30 DECEMBER 1989

	<u>Note</u>	<u>£'000</u>	<u>1988</u> <u>£'000</u>
Administrative expenses		-	(10,602)
Dividends received		5,000	55,500
		<u>5,000</u>	<u>44,898</u>
Interest	2	25,007	22,646
Exchange gain on repayment of loan		13,998	-
Profit on ordinary activities before taxation		<u>44,005</u>	<u>67,544</u>
Taxation on ordinary activities	3	(7,391)	11,195
Profit on ordinary activities after taxation		<u>36,614</u>	<u>78,739</u>
Extraordinary items	4	<u>108,048</u> <u>144,662</u>	<u>(18,049)</u> <u>60,690</u>
Dividends		-	(101,000)
Retained profit/(loss) for the year	13	<u>144,662</u>	<u>(40,310)</u>

The movements in reserves are set out in Note 13.

ROWNTREE LIMITED
(formerly Rowntree plc)

BALANCE SHEET AT 30 DECEMBER 1989

	<u>Note</u>	<u>£'000</u>	<u>1988</u> <u>£'000</u>
FIXED ASSETS			
Tangible assets	5	699	2,347
Investments in subsidiaries	6	8,085	22,266
Other investments	7	<u>23,715</u>	<u>-</u>
		<u>32,499</u>	<u>24,613</u>
CURRENT ASSETS			
Debtors	8	402,225	570,437
Investments - short dated commercial paper		<u>223,717</u>	<u>107,515</u>
Cash at bank and in hand		625,942	116,882
CREDITORS - amounts falling due within 1 year	9	(11,851)	794,834
		<u>614,091</u>	<u>(299,108)</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		646,590	520,339
Creditors - amounts falling due after one year	10	(63,830)	(68,520)
Provision for liabilities and charges	11	<u>-</u>	<u>(3,300)</u>
		<u>582,760</u>	<u>448,519</u>
CAPITAL AND RESERVES			
Called up share capital	12	120,372	120,372
Share premium account	13	71,046	81,467
Capital reserve	13	223,791	223,791
Profit and loss account	13	<u>167,551</u>	<u>22,889</u>
		<u>582,760</u>	<u>448,519</u>

Approved by the board on 28 February 1990.

Directors

P. H. B. [Signature]
[Signature]

ROWNTREE LIMITED
(formerly Rowntree plc)

SOURCE AND APPLICATION OF FUNDS FOR THE
FIFTY-TWO WEEKS ENDED 30 DECEMBER 1989

	<u>£'000</u>	<u>1988</u> <u>£'000</u>
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	44,005	67,544
Depreciation	-	286
Disposals of tangible fixed assets	1,648	931
Disposal of subsidiaries (see below)	125,331	8,595
Proceeds of shares issued	-	89,718
	<u>170,984</u>	<u>167,074</u>
APPLICATION OF FUNDS		
Purchase of debentures	23,715	-
Dividends	100,000	1,000
Purchase of tangible fixed assets	-	1,328
Redemption of bond warrants	10,421	-
Taxation	200	11,912
INCREASE/(DECREASE) IN WORKING CAPITAL		
Debtors	43	4,536
Creditors	5,209	3,468
Amounts due from group companies	(153,555)	(124,245)
	<u>(13,967)</u>	<u>(102,001)</u>
Represented by increase in net liquid funds	<u>184,951</u>	<u>269,075</u>

Disposal of Subsidiaries

	<u>£'000</u>
Cost of investments	15,431
Profit on disposal	109,900

Total consideration	<u>125,331</u>
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The consideration was satisfied as follows:-

Cash	101,616
Unsecured debentures	23,715
	<u>125,331</u>

ROWNTREE LIMITED
(formerly Rowntree plc)

NOTES TO THE ACCOUNTS - 30 DECEMBER 1989

1 ACCOUNTING POLICIES

Accounting convention.

The accounts have been prepared under the historical cost convention.

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.

2 INTEREST	1989 <u>£'000</u>	1988 <u>£'000</u>
Interest payable:		
Bank borrowings and short term loans	(3,891)	(12,250)
Interest receivable - group loans	9,211	16,673
- debentures	1,724	-
- bank balances and money market deposits	<u>17,963</u>	<u>18,223</u>
	<u>25,007</u>	<u>22,646</u>
3 TAXATION ON ORDINARY ACTIVITIES	<u>£'000</u>	<u>£'000</u>
Based on profits for the year		
UK Corporation Tax at 35%	7,700	1,330
ACT written off less recoveries	-	(12,525)
Deferred Tax	<u>(309)</u>	<u>-</u>
	<u>7,391</u>	<u>(11,195)</u>
4 EXTRAORDINARY ITEMS	<u>£'000</u>	<u>£'000</u>
Profit on sale of subsidiaries	109,900	-
Restructuring costs	(3,400)	(18,049)
Prior year provisions written back	<u>1,548</u>	<u>-</u>
	<u>108,048</u>	<u>(18,049)</u>

ROWNTREE LIMITED (formerly Rowntree plc)

NOTES TO THE ACCOUNTS - 30 DECEMBER 1989 (Continued)

5 TANGIBLE ASSETS

	Land & buildings <u>£'000</u>	Plant & machinery <u>£'000</u>
Cost		
At 1 January 1989	868	2,602
Disposals	(97)	(782)
Intra group transfers	-	(1,820)
At 30 December 1989	<u>771</u>	<u>-</u>
Comprising:		
Properties held on long lease, at cost	<u>771</u>	
Depreciation		
At 1 January 1989	84	1,039
Disposals	(12)	(138)
Charged in profit and loss account	-	-
Intra group transfers	-	(901)
	<u>72</u>	<u>-</u>
Net book amount at 30 December 1989	<u>699</u>	<u>-</u>
Net book amount at 1 January 1989	<u>784</u>	<u>1,563</u>

6 INVESTMENT IN SUBSIDIARIES

Shares in Group Companies

Balance at 1 January 1989	22,266
Disposals during the year	(15,431)
Provisions written back	<u>1,250</u>
Balance at 30 December 1989	<u>8,085</u>

The company's principal subsidiaries all of which are incorporated in Great Britain are as follows:-

Rowntree Mackintosh Confectionery Limited
 Rowntree Mackintosh Ingredients Limited
 Rowntree Mackintosh International Limited
 Rowntree Mackintosh European Export Limited
 Rowntree Mackintosh Export Limited
 Rowntree Distribution Limited
 Multisnack Limited
 Holgates Nutritional Foods Limited

NOTES TO THE ACCOUNTS - 30 DECEMBER 1989 (Continued)

Group accounts have not been prepared because the company is itself a wholly owned subsidiary of Nestlé Holdings (UK) plc.

In the opinion of the directors the value of the company's investments in subsidiaries is not less than the amounts included in the balance sheet.

7 OTHER INVESTMENTS

Other investments comprise unsecured floating rate debentures issued by Enterprises Maggi SA, a fellow group company, and are guaranteed by Nestlé SA. The debentures are repayable on 31 December 2019 or earlier at the option of the company.

8 DEBTORS

	<u>1989</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>
Amounts owed by Group companies	389,904	558,073
Other debtors	12,321	11,635
Prepayments and accrued income	-	729
	<u>402,225</u>	<u>570,437</u>

9 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1989</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>
Overdrafts and short term loans	-	157,683
Other loans repayable within one year	-	30,007
Amounts owed to Group companies	1,416	2,665
Other creditors	684	5,893
Taxation	9,751	2,860
Proposed dividend	-	100,000
	<u>11,851</u>	<u>299,108</u>

10 CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

	<u>1989</u> <u>£'000</u>	<u>1988</u> <u>£'000</u>
Inter company loans	45,196	51,945
Bank loans (unsecured)	18,634	16,575
	<u>63,830</u>	<u>68,520</u>

Inter company loans have no repayment dates and bear no interest.

11 PROVISION FOR LIABILITIES AND CHARGES

	<u>Rationalisation</u> <u>Costs</u> <u>£'000</u>	<u>Deferred</u> <u>Taxation</u> <u>£'000</u>
At 1 January 1989	2,700	600
Costs incurred in the year	(2,700)	-
Transferred to profit and loss account	-	(600)
At 30 December 1989	<u>-</u>	<u>-</u>

ROWNTREE LIMITED (formerly Rowntree plc)

NOTES TO THE ACCOUNTS - 30 DECEMBER 1989 (Continued)

12 CALLED UP SHARE CAPITAL

	Authorised		Allotted and fully paid	
	1989 £'000	1988 £'000	1989 £'000	1988 £'000
Preference shares of £1 each	-	3,000	-	2,684
Ordinary shares of 50p each	<u>160,000</u>	<u>157,000</u>	<u>120,372</u>	<u>117,688</u>
	<u>160,000</u>	<u>160,000</u>	<u>120,372</u>	<u>120,372</u>

13 RESERVES

Share Premium		81,467
At 1 January 1989		(10,421)
Applied on redemption of warrants		71,046
At 30 December 1989		<u>71,046</u>
Capital Reserve		223,791
At 1 January 1989		-
Movement in year		223,791
At 30 December 1989		<u>223,791</u>
Profit and Loss Account		22,889
At 1 January 1989		144,662
Transfer from profit and loss account		167,551
At 30 December 1989		<u>167,551</u>

14 COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure authorised at 30 December 1989

	£'000 1989	£'000 1988
Contracts placed	-	-
Contracts not yet placed	<u>-</u>	<u>400</u>

The amount of unprovided deferred taxation computed under the liability method was:-

	£'000 1989	£'000 1988
Excess of book values over tax values of fixed assets	<u>-</u>	<u>100</u>

ROWNTREE LIMITED (formerly Rowntree plc)

NOTES TO THE ACCOUNTS - 30 DECEMBER 1989 (Continued)

15 DIRECTORS AND EMPLOYEES

The emoluments of the directors were as follows:-

	<u>£'000</u> <u>1989</u>	<u>£'000</u> <u>1988</u>
UK	506	1,289
Overseas	-	1,241
Compensation for loss of office	1,622	35
The Chairman (excluding pension contributions):		206
From 1st January 1989 to 19th August 1989	201	
From 20th August 1989 to 30th December 1989 the Chairman was remunerated for his services by other group companies	Nil	

Other directors and employees earned gross emoluments, excluding pension contributions, within the bands:

<u>£</u>	<u>Directors</u> <u>Number</u>		<u>Employees</u> <u>Number</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
Nil - 5,000	5	-	-	-
5,000 - 10,000	-	1	-	-
10,001 - 15,000	1	3	-	-
15,001 - 20,000	1	-	-	-
20,001 - 25,000	1	-	-	-
30,001 - 35,000	1	-	2	13
35,001 - 40,000	-	-	-	1
45,001 - 50,000	-	-	-	3
50,001 - 55,000	-	1	-	-
55,001 - 60,000	-	-	-	1
60,001 - 65,000	-	-	-	4
65,001 - 70,000	-	-	-	1
120,001 - 125,000	-	6	-	-