Registered Number 155256

Cadbury UK Limited

Annual Report & Financial Statements

Year Ended 31 December 2008

Directors and advisors

Directors

T Bond
G Chick
R Doyle
D Harding-Smith
S Hosaki
D J Pogson
P J Rumbol
W Strickland

Secretary

Cadbury Nominees Limited

Registered office

P O Box 12
Bournville Lane
Bournville
Birmingham
B30 2LU

Auditors

Deloitte LLP
Chartered Accountants and Registered Auditors
London

Report of the Directors

For the year ended 31 December 2008

The Directors present their report, together with the audited financial statements of Cadbury UK Limited (the 'Company'), for the year ended 31 December 2008 (the 'year').

Review of the Business and Principal Activities

The Company is a subsidiary of Cadbury plc. The principal activity of the Company remains the manufacture, marketing and sale of chocolate confectionery products to wholesale and retail outlets in the UK, as well as the provision of labour to the Cadbury UK Partnership ("the Partnership") under the terms of a service agreement.

On 17 July 2000, Cadbury Limited, Trebor Bassett Limited and The Lion Confectionery Company Limited (the 'Partners') entered into a Partnership agreement and formed Cadbury Trebor Bassett. On 28 September 2007, Cadbury Limited changed its name to Cadbury UK Limited. On 23 June 2008, The Lion Confectionery Company Limited changed its name to The Old Leo Company Limited and the Cadbury Trebor Bassett partnership changed its name to Cadbury UK. The Partnership agreement remains unchanged and affords that the profits of the Partnership be distributed between the Partners in accordance with the wishes of the Management Committee. The Partners are all subsidiary companies of Cadbury plc.

Under the terms of the partnership agreement, a Management Committee manages the business and affairs of the partnership on its behalf. The Management Committee comprises all of the directors of Cadbury UK Limited.

Business review

As Cadbury UK Limited is one of the partner companies of the Cadbury UK Partnership, the directors consider it appropriate to include a business review that covers the Partnership as a whole.

The confectionery strategy of Cadbury plc (the Group) is to deliver superior shareowner returns through achieving the vision of being the world's biggest and best confectionery company.

The Partnership aims to achieve the Group's vision through delivering its performance scorecard and three priorities:

1) Growth: fewer, faster, bigger, better

Our goal is to grow revenue on a base business basis by between 4-6% per annum. Our revenue is generated from the sale of branded confectionery products such as chocolate, sugar sweets and chewing gum. Cash is usually generated in line with revenue and there are no significant time lags. Direct trading costs consist mainly of raw materials, which for confectionery products are cocoa, dairy products, sugar and sweeteners, various types of nuts and fruit and packaging. The other major direct cost is labour. Indirect operating costs include marketing, distribution, indirect labour, warehousing sales force, innovation, IT and administrative costs.

The Partnership's revenue in 2008 was £1,166 million (2007: £1,181 million). As part of the programme of cost reduction and efficiency the Monkhill business was sold during the year as it was non-core. Excluding revenue from the Monkhill business, the Partnership's revenue was £1,157 million (2007: £1,104 million) which represents growth of 4.8%. Revenue growth was led by strong growth in Cadbury Dairy Milk, including new variants and formats, and the successful launch of Crème Egg Twisted and Wispa. In candy, revenues were boosted by recovery from the Sheffield flood which adversely impacted the business in the second half of 2007. Growth was also helped by the successful introduction of The Natural Confectionary Co in the UK into grocery channels.

Report of the Directors
For the year ended 31 December 2008

2) Efficiency: relentless focus on cost and efficiency.

Our goal is to drive cost and efficiency gains to help achieve a mid-teens underlying operating profit margin by 2011. A programme of cost reduction and efficiency is being undertaken throughout the Group and is impacting all parts of the business. In the UK, initiatives are continuing that will lead to supply chain efficiencies. These initiatives include:

- Disposal of the Monkhill business, which principally manufactures sugar confectionery and popcorn for the UK market, in February 2008 as it was non-core;
- Planned closure of the Somerdale plant in 2010 and transfer of its chocolate production to Bournville and a new site which is being built in Poland.

In 2008, the Partnership's operating margin included an operating loss of £112.4 million on the disposal of the non-core Monkhill business. Excluding this loss, the Partnership's operating profit was £71.4 million (2007: £68.8 million) and operating margin was 6.1% (2007: 5.7%). Base business margins improved year-on-year as the result of the ongoing programme of cost reduction and efficiency, although these cost reductions were partly offset by higher commodity costs. Outside underlying profit from operations were restructuring costs of £15.4m (2007: £62 million). These costs include redundancy costs and asset write-offs incurred as part of the closure of the Somerdale factory, redundancy costs incurred as part of the SG&A headcount reduction and an onerous contract due to the relocation of the UK headquarters.

Non-trading items included an accounting loss of £112 million on the sale of the Monkhill business.

3) Capabilities: ensure world-class quality.

In 2008, we continued to improve our capabilities across all aspects of our business to support our growth and efficiency agenda.

During 2008, the Partnership has continued to aggregate and standardise support services such as IT and back office services, and outsource these where efficiency savings can be gained. The clustering and delayering of the organisation and an increasing level of outsourcing will assist in the goal of streamlining processes and improving capabilities across the business, including in supply chain, finance and IT.

The partnership also continues to support the Cadbury Sustainability Commitments:

Within the overriding goal of being performance driven, but values led, the Partnership aims to:

- promote responsible consumption of its products;
- ensure ethical and sustainable sourcing of raw materials and other inputs;
- prioritise quality and safety;
- reduce carbon and water use and packaging;
- nurture and reward colleagues; and
- invest in the communities in which we operate.

Report of the Directors
For the year ended 31 December 2008

Business risk factors

The Partnership and its results could be materially adversely affected by any or all of the following risks. In addition to the following risk factors, we face certain market risks that are discussed under the heading Financial Instruments (Liquidity Risk, Interest Rate Risk, Currency Risk, Credit Risk and Commodity Risk).

1) Competition and demand

The confectionery industry is highly competitive. The Partnership competes with other multinational corporations which have significant financial resources to respond to and develop the markets in which both we and they operate. These resources may be applied to change areas of focus or to increase investments in marketing or new products. Furthermore, consumer tastes are susceptible to change. If the Partnership is unable to respond successfully to rapid changes in demand or consumer preferences, sales or margins could be adversely affected.

2) Product quality and safety

Despite safety measures adopted by the Partnership, products could become contaminated or not meet quality or safety standards. The Partnership uses many ingredients in manufacturing confectionery which increases the risk of either accidental or malicious contamination. Any contamination or failure to meet quality and safety standards may be expensive to remedy and could cause delays in manufacturing and have adverse effects.

3) Dependence on business partners

An increasing proportion of the Partnership's functions are outsourced to third parties. Failure of the third parties to deliver on their contractual obligations or failure of the Partnership to manage them effectively could lead to adverse effects.

4) Information technology

The Partnership depends on accurate, timely information and numerical data from key software applications to aid day-to-day decision-making. Any disruption caused by failings in these systems could delay or otherwise impact day-to-day decision-making, or cause material financial losses.

5) Raw materials

The Partnership depends upon the availability, quality and cost of raw materials from around the world, which exposes it to price and supply fluctuation. Key items such as cocoa, milk, sweeteners, packaging materials and energy are subject to potentially significant fluctuations. While measures are taken to protect against the short-term impact of these fluctuations, there can be no assurance that any shortfalls will be recovered. A failure to recover higher costs or shortfalls in availability or quality could decrease the profitability of the Partnership.

6) Role of food in public health

Many countries face rising obesity levels due to an imbalance between energy consumed via food and expended through activity. The reasons for the changes in society and for some individuals having a greater inclination to obesity are multifaceted and complex. There are risks associated with the possibility of government action against the food industry, such as levying additional taxes on or restricting the advertising of certain product types. This could increase the tax burden or make it harder for the Partnership to market products, reducing sales and/or profits.

Report of the Directors

For the year ended 31 December 2008

Outlook for 2009 and Future Prospects

Looking ahead to 2009, the Partnership is confident that the business has strong foundations and that it operates in resilient categories. The strong momentum coming into the year should help to drive revenue growth while operating leverage, the initiatives in place to deliver savings and a robust approach to pricing should enable delivery of margin progression in 2009.

Post Balance Sheet Events

On 10th August 2009 the Green & Blacks business was integrated into the Cadbury UK business. To effect this reorganisation the Partnership entities purchased the marketing and distribution and global brands business of Green & Blacks Limited from Cadbury Holdings Limited. The Partnership agreement was restated at this date to reflect this transaction.

Results and dividends

The loss on ordinary activities for the financial year, after taxation, was £43,079,000 (2007: profit of £38,456,00).

During the year no dividend was paid (2007: £nil).

Provision of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Report of the Directors

For the year ended 31 December 2008

Directors

The Directors at the date of this report are as stated on page 1.

The Directors who served during the year and subsequently were as follows:

T Bond
G Chick
R Doyle
D Harding-Smith
S Hosaki
D J Pogson
P J Rumbol
W Strickland

Policy on Payment to Suppliers

The Company has no trade creditors, so the number of creditor days outstanding at the year end was nil.

Fixed Assets

In the opinion of the directors there is no material difference between the book and the current open market value of interests in land and buildings.

Disabled Employees

Cadbury UK Limited employs a number of people who are disabled, not all of whom are formally registered disabled persons in UK terms. If an employee becomes disabled it is standard practice, in all but the most extreme circumstances, to offer an alternative job and provide retraining where necessary.

Employee Involvement

The policy of informing and consulting with employees has continued by means of regular newsletters and employees are encouraged to present their views and suggestions in respect of the Partnership's performance. Employees are also eligible to participate in the Cadbury plc Savings-Related Share Option Scheme, with options to purchase shares in the ultimate holding company after a period of regular savings as defined under the terms of the scheme.

Report of the Directors
For the year ended 31 December 2008

Financial instruments

The Partnership is exposed to market risks arising from its business.

a) Liquidity risk

The Partnership achieves certainty of funding by operating a flexible borrowing mechanism with Cadbury plc.

Cadbury plc seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowings structure. Consequently the policy seeks to ensure that all projected net borrowing needs are covered by committed facilities.

b) Interest rate risk

The Partnership has an exposure to interest rate fluctuations on its borrowings with Cadbury plc and on certain finance leases.

As Cadbury plc Group treasury manages the Group's treasury operations, the partnership does not seek to manage interest rate risk on it's borrowing with Cadbury plc.

c) Currency risk

The Partnership has transactional currency exposures arising from its international trade. Through Cadbury plc, the Partnership makes use of the forward foreign exchange markets to manage its exposures. Cadbury plc's policy is to take forward cover for all forecasted receipts and payments for as far ahead as the pricing structures are committed, subject to a minimum of three months' cover.

d) Credit risk

The Partnership's trade receivables are concentrated with a small number of large customers, however management believe that credit risk is limited as these customers have high credit ratings. Management therefore believe that there is no further credit risk provision require in excess of normal provision for doubtful receivables.

Financial instruments

e) *Commodity risk*

The Partnership has commodity movement exposures arising from its international trade. Through Cadbury plc, the Partnership makes use of derivative contracts for cocoa in order to provide a stable cost base for marketing finished products.

Report of the Directors
For the year ended 31 December 2008

Auditors
Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Going Concern
On the basis of current financial projections and with due regard to the Company's position within the Cadbury Group of Companies, the Directors, after making enquiries, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and is well placed to manage the risks identified in the Business Risks section above. Accordingly, they consider that it is appropriate to adopt the going concern basis in preparing the annual report and accounts.

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Bournville
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By order of the Board,

T Bond
Managing Director

21st October 2009

Statement of Directors' Responsibilities

For the year ended 31 December 2008

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

a) select suitable accounting policies and then apply them consistently;

b) make judgments and estimates that are reasonable and prudent;

c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report

Independent Auditors' Report to the Members of Cadbury UK Limited

We have audited the financial statements of Cadbury UK Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' Report

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP 21st October 2009

Chartered Accountants and Registered Auditors
London, UK

Profit and loss account

For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Turnover	3	82,909	121,316
Cost of Sales	4	(82,909)	(121,316)
Gross Profit		-	-
Net operating expenses		-	-
Operating profit		-	-
Share of (losses)/profits in partnership	1b	(34,091)	56,169
(Loss)/profit on ordinary activities before interest and taxation		**(34,091)**	**56,169**
Share of interest receivable and similar income	8	2,167	4,643
Share of interest payable and similar charges	9	(8,365)	(9,178)
(Loss)/profit on ordinary activities before taxation		(40,289)	51,634
Taxation on (loss)/profit on ordinary activities	10	(2,790)	(13,178)
(Loss)/profit for the financial year	18	**(43,079)**	**38,456**

There are no recognised gains or losses in either year other than the retained profit or loss for each year and therefore no statement of total recognised gains and losses is required.

All activity is derived from continuing operations throughout both years.

The accompanying notes form an integral part of this Profit and loss account.

Registered Number 155256

CADBURY UK LIMITED

Balance sheet

As at 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Investments	12a	160,119	216,873
		160,119	216,873
Current assets			
Debtors	13	52,919	50,516
		52,919	50,516
Current liabilities			
Creditors: amounts falling due within one year	14	(64,550)	(54,776)
Net current liabilities		**(11,631)**	**(4,260)**
Total assets less current liabilities		**148,488**	**212,613**
Provisions for liabilities	15	(17,640)	(38,096)
Net assets		**130,848**	**174,517**
Capital and Reserves			
Called up share capital	17	49,675	49,675
Capital reserve	18	9,378	9,438
Profit and loss account	18	71,795	115,404
Shareholders' funds	18	**130,848**	**174,517**

The accompanying notes form an integral part of this Balance Sheet.

The financial statements of Cadbury UK Limited, registered number 155256 were approved by the board of Directors and authorised for issue on 2nd October 2009.

Signed on behalf of the Board:

T Bond
Managing Director

D Harding-Smith
Finance Director

21st October 2009

Notes to the Financial Statements

1 Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year, except for where changes have been made to previous policies on the adoption of new accounting standards during the year.

a) Accounting convention

The financial statements are prepared on a going concern basis, as discussed in the Report of the Directors on page 8, under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

b) Partnership Agreement

On 17 July 2000, Cadbury Limited, Trebor Bassett Limited and The Lion Confectionery Company Limited entered into a Partnership agreement and formed Cadbury Trebor Bassett. On 28 September 2007, Cadbury Limited changed its name to Cadbury UK Limited. On 23 June 2008, The Lion Confectionery Company Limited changed its name to The Old Leo Company Limited and the Cadbury Trebor Bassett partnership changed its name to Cadbury UK. The Company has not traded under its own account, as all trading has been undertaken by the partnership since 17 July 2000. Under the terms of the partnership agreement, the Company is entitled to a share of the operating profit and interest of the partnership as determined by the Management Committee. This is shown within "Share of profits in partnership".

Under the terms of the Partnership agreement, the beneficial interest of all assets and liabilities used in the business of the partners was transferred to the Partnership on 31 December 2000. Accordingly, these assets are no longer disclosed in the financial statements of Cadbury UK Limited, with the exception of corporation tax, deferred tax, investments and inter-company balances greater than one year, which remain in the Company. In exchange for this transfer of all other assets, Cadbury UK Limited received an investment in the partnership, which is disclosed in investments.

These financial statements should be read in conjunction with the financial statements of the other partners and the Cadbury UK Partnership financial statements.

c) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the actual rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the middle market rates at the balance sheet date. Transaction differences arising from exchange rate variations on trading transactions are included within operating profits.

d) Investments

Fixed asset investments are stated at cost, less amounts written off. Income from fixed asset investments is included together with the related tax credit in the financial statements of the year in which it is receivable.

e) Taxation

Corporation tax payable is provided on the taxable profit at the current rate. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

1 Accounting policies (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted substantively by the balance sheet date. Deferred tax is measured on a non-discounted basis.

f) Cash flow statement

In accordance with the provision of Financial Reporting Standard No.1, the Company has not prepared a cash flow statement because its parent company, Cadbury plc, which is incorporated in Great Britain and registered in England and Wales, has prepared consolidated financial statements which include the financial statements of the Company for the period and which are publicly available.

g) Treasury Risk Management

The principal activity of the Company is the manufacture, marketing and sale of chocolate confectionery products to wholesale and retail outlets in the UK. The Company's financial instruments comprise investments, borrowings and other creditors. No trading in financial instruments was undertaken by the Company during the period under review.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk, currency risk and credit risk. Details of treasury risk management are outlined in the Report of the Directors.

h) Share based payments

The Partnership has opted for full retrospective adoption of FRS 20 "Share-based payments". Cadbury plc issues equity settled share-based payments to certain Partnership employees. A fair value for the equity settled share awards is measured at the date of the grant. Management measures the fair value using the valuation technique that they consider to be the most appropriate to value each class of award. Methods used include Binomial models, Black-Scholes calculations and Monte Carlo simulations. The valuations take into account factors such as non-transferability, exercise restrictions and behaviourial considerations.

An expense is recognised to spread the fair value of the each award over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. The estimate of the level of vesting is reviewed at least annually, with any impact on the cumulative charge being recognised immediately.

Notes to the Financial Statements

2 Annual Financial Statements

As permitted by the Companies Act 1985 the Company, being a wholly owned subsidiary of a Company incorporated in Great Britain, does not prepare Group accounts. The results of the Company are included in the audited financial statements of Cadbury plc for the year ended 31 December 2008. The company is therefore exempt from the requirements to prepare Group accounts under Section 228 of the Companies Act 1985. These financial statements present information about the company as an individual undertaking and not as a Group.

The annual financial statements were drawn up on a calendar year basis to 31 December 2008.

The profit and loss account covers the periods from 1 January 2008 to 31 December 2008 (2008) and 1 January 2007 to 31 December 2007 (2007). The balance sheets for 2008 and 2007 have been drawn up at 31 December 2008 and 31 December 2007 respectively.

3 Turnover

Revenue arises from recharges to the Cadbury UK Partnership for all employee related expenditure incurred by the Company in relation to employees of the Partnership, excluding value added tax and sales taxes. Revenue is recognised as costs are incurred.

4 Cost of Sales

	2008 £'000	2007 £'000
Cost of sales	82,909	121,316
	82,909	**121,316**

Cost of sales includes £6,659,000 (2007: £37,616,000) in respect of the cost of business reconfiguration and rationalisation. A one-off reduction in pension costs of £7,900,000 was recorded in the year, relating to reduced pension obligations associated with business reconfiguration and rationalisation. These costs are not fundamental restructuring costs as defined in Financial Reporting Standard No. 3 "Reporting Financial Reporting". The audit fee of £5,000 (2007: £5,000) was borne by the Cadbury UK Partnership in both years. There were no non-audit fees in either year.

Notes to the Financial Statements

5 Pension Arrangements

The Company is a member of the Cadbury plc Group of companies, which operates Group pension schemes for its UK subsidiaries. The major scheme is the Cadbury plc Pension Fund.

The UK pension plans are administered and funded on a Group basis, with contributions fixed based on the position of the overall fund. It is not possible to calculate the company's share of the liabilities and consequently, the Partnership has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The total pension cost of the partnership, borne on behalf of the partners, was £27,671,000 (2007: £34,536,000), which, together with the pension costs of other subsidiaries in the Group schemes, was assessed by qualified actuaries based on the latest actuarial assessment.

This information has been calculated using the measurement principles of IAS 19 which are materially the same as the measurement principles of FRS 17.

At the year end, under IAS 19, the Group defined benefit pension schemes had a deficit of £258m, of which a £2m surplus related to UK pension obligations. At 1 January 2008, the Group defined benefit pension schemes, under IAS 19 had a surplus of £80m, of which a surplus of £206m related to UK pension obligations.

2008	Rate of Return (%)	Market Value (£m)
Equities	8.0	746
Bonds	4.7	933
Property	7.0	102
Other	3.8	-
		1,781
Present value of scheme liabilities		(1,779)
Surplus in the scheme		2

2007	Rate of Return (%)	Market Value (£m)
Equities	8.0	963
Bonds	5.0	923
Property	7.0	144
Other	6.0	70
		2,100
Present value of scheme liabilities		(1,894)
Surplus in the scheme		206

5 Pension Arrangements (cont)

The figures above were calculated on the basis of the following assumptions

	% **2008**	% **2007**
Rate of increase in salaries	3.65	4.25
Rate of increase in pensions in payment	2.8	3.25
Rate of increase for deferred pensioners	2.65	3.25
Discount rate for scheme liabilities	6.1	5.8
Inflation	2.65	3.25
Medical cost inflation	5.5	5.8

Further details of the latest actuarial valuation can be found in the Report & Accounts of Cadbury plc.

6 Directors' emoluments

	2008 **£'000**	**2007** **£'000**
Emoluments paid or receivable for qualifying services	**3,488**	**2,653**

The directors provided their services to the Cadbury UK Partnership, and consequently the cost of their emoluments was borne by the Partnership. It is not practical to allocate the directors' emoluments between the respective companies which comprise the Partnership, hence the emoluments of the directors are disclosed in full above with respect to their services to the Partnership.

One director (three in 2007) was remunerated throughout the year by Cadbury plc or its subsidiary undertakings for their services to the group as a whole. No remuneration was paid to them specifically in respect of their services to Cadbury UK Limited.

The emoluments of the highest paid director were £946,368 in respect of services provided for the year. In 2007 the emoluments of the highest paid director were £413,091 in respect of services provided for part of the year. At the year-end, the accrued pension under the Company's defined benefit scheme for the highest paid director was £1,658,016 (£297,798 in 2007).

During the year five directors (six in 2007) received or were due shares under long-term incentive schemes.

During the year eight directors (thirteen in 2007) were members of a Cadbury plc defined benefit pension scheme.

During the year one director (eleven in 2007) exercised options over shares in the Company's parent, Cadbury plc.

Notes to the Financial Statements

7 Employees and emoluments

Since the formation of the partnership on 17 July 2000, employee emoluments were borne by the partnership although all employees remained employed by Cadbury Limited. On 6 April 2002 the employment of some employees was transferred to Cadbury Trebor Bassett Services Limited, a fellow Group undertaking. Certain shop floor employees remain employed by Cadbury UK Ltd.

The average number of employees employed by Cadbury UK Ltd on behalf of the Partnership was:

	2008	2007
Production	1,868	1,935
Distribution, selling and marketing	-	-
Administration	-	-
	1,868	**1,935**

Employee emoluments comprised:

	2008	2007
	£'000	£'000
Wages and salaries	72,077	101,943
Social Security Costs	5,218	5,197
Other pension costs	5,615	14,176
	82,910	**121,316**

Employment costs in 2008 include £5.3m (2007: £4.4m) additional pension funding relating to continuing employees. A one-off reduction in pension costs of £7.9m was recorded in the year, relating to reduced pension obligations associated with cost reduction initiatives. Employment costs in 2008 also include £6.7m (2007: £37.6m) redundancy costs.

8 Share of Interest receivable and similar income

	2008	2007
	£'000	£'000
Interest receivable on external loans and deposits	130	106
Interest receivable on inter-company loans and deposits	2,037	4,537
	2,167	**4,643**

Notes to the Financial Statements

9 Share of Interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable on overdrafts and bank loans	147	461
Finance Leases	269	1,141
Interest payable on inter-company loans	5,827	7,576
Unwind of discount	2,122	-
	8,365	**9,178**

10 Taxation on (loss)/profit on ordinary activities

The tax charge comprises:

	2008 £'000	2007 £'000
UK corporation tax		
Current year	22,297	24,862
Prior year	(505)	(3,943)
Double tax relief	(737)	-
Overseas tax	737	-
Total current tax charge	21,792	20,919
Deferred taxation		
Current year	(19,359)	(11,449)
Tax rate change	-	(36)
Prior year	357	3,744
	(19,002)	(7,741)
Charge for the year	**2,790**	**13,178**

The deferred tax charge / (credit) relates to the origination and reversal of timing differences.

The table below reconciles the UK Corporation Tax rate applicable each year to the effective rate obtained by computing the current tax charge as a percentage of profit before tax.

	2008 £'000	2007 £'000
(Loss)/profit on ordinary activities before taxation	**(40,289)**	**51,634**
UK corporation tax @ 28.5% (2007: 30%)	(11,482)	15,490
Effects of:		
Depreciation less capital allowances	21,134	9,197
Short-term timing differences	(4,113)	10,014
Adjustment to tax charge in respect of previous periods	(505)	(3,973)
Permanent differences	16,758	(9,809)
Total current tax charge	**21,792**	**20,919**

Notes to the Financial Statements

12 Investments

a)	Subsidiary Undertakings	Partnership	Total
	£'000	£'000	£'000
Cost and net book value			
At beginning of the year	31,049	185,824	216,873
Additions/(disposals)	-	(56,754)	(56,754)
At end of the year	**31,049**	**129,070**	**160,119**

b) The Company held the equity share capital and the voting rights of the following subsidiary undertakings:

	Country of incorporation	Proportion of ordinary issued capital held
Cadbury International Limited	England and Wales	100%

The investment in the partnership represents the interest in the Cadbury UK partnership received in exchange for the transfer of certain assets and liabilities to the partnership.

13 Debtors

	2008	2007
	£'000	£'000
Amounts owed by Partnership	52,919	50,516
	52,919	**50,516**

14 Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Amounts owed to fellow subsidiary undertakings	31,049	31,049
Other taxes & social security costs	2,832	2,326
Accruals and deferred income	13,943	10,594
UK Corporation tax	16,726	10,807
	64,550	**54,776**

Amounts owed to fellow subsidiary undertakings are non-interest bearing.

15 Provisions for liabilities

	Reconfiguration provision	Deferred taxation	Total
	£'000	£'000	£'000
At beginning of the year	37,598	498	38,096
Charged during the year	4,182	(19,003)	(14,821)
Tax rate change	-	-	-
Utilised during the year	(5,635)	-	(5,635)
At end of the year	**36,145**	**(18,505)**	**17,640**

The reconfiguration provision is to cover redundancy costs arising from the Group's cost reduction programme. Of this provision, £10.4m (2007: £33.4m) is due after more than 1 year.

A deferred tax liability has been recorded relating to accelerated capital allowances ("ACAs") and a deferred tax asset has been recorded relating to short-term timing differences on provisions. The movement in the year is as follows:

	2008 ACAs	2008 Short term timing differences	2008 Total	2007 Total
	£'000	£'000	£'000	£'000
At beginning of the year	12,472	(11,974)	498	8,239
Profit and loss account	(23,215)	4,212	(19,003)	(7,741)
At end of the year	**(10,743)**	**(7,762)**	**(18,505)**	**498**

The company has unrecognised deferred taxation liabilities on property revaluations as follows:

	2008	2007
Not provided in financial statements:	£'000	£'000
Properties	537	537
	537	**537**

16 Share-based Payments

Certain employees of the Partnership receive share awards which are settled using the equity of the ultimate parent company, Cadbury plc. The company recognised total expenses of £0.5m (2007: £0.6m) related to these equity-settled share-based payment transactions during the year, which were recharged to the Cadbury UK Partnership (previously the Cadbury Trebor Bassett Partnership).

Cadbury plc has a number of share option plans that are available to certain senior employees of the company: the Bonus Share Retention Plan (BSRP) and the Discretionary Share Option Plan (DSOP). Cadbury plc also has a UK share option scheme for all employees of the Partnership. Options are normally forfeited if the employee leaves Cadbury plc before the options vest. Cadbury plc also has an International Share Award Plan (ISAP) which is used to reward exceptional performance amongst employees.

An expense is recognised for the fair value at the date of grant of the estimated number of shares that will be awarded to settle the options over the vesting period of each scheme. The fair value is measured using the valuation technique that is considered to be the most appropriate to value each class of award: these include Binomial models and Black-Scholes calculations. These valuations take into account factors such as non-transferability, exercise restrictions and behavioural considerations. Key fair value and other assumptions are detailed below.

Schemes granted in 2008

	BSRP	ISAP	Sharesave
Expected volatility *(1)*	n/a	n/a	0.2
Expected life	3 yrs	1–3 yrs	Vesting + 5 months
Risk free rate	2.20%	2.7%–5.1%	4.0%–4.9%
Expected dividend yield	3.30%	2.6%–3.3%	2.4%–2.8%
Fair value per option (% of share price at date of grant) *(2)*	179.20%	89.9–99.1%	19.8%–28.4%
Possibility of ceasing employment before vesting	–	–	10%–49%
Expectation of meeting performance criteria	70%	100%	n/a

Schemes granted in 2007

	BSRP	ISAP	Sharesave
Expected volatility *(1)*	n/a	n/a	16-17%
Expected life	3 yrs	1-3 yrs	Vesting + 5 months
Risk free rate	5.50%	4.9%-5.8%	4.9%-5.8%
Expected dividend yield	2.50%	2.55-3.0%	1.9%-2.3%
Fair value per option (% of share price at date of grant) *(2)*	185.50%	91.8%-99.3%	24.0%-36.3%
Possibility of ceasing employment before vesting	-	-	10%-41%
Expectations of meeting performance criteria	40%	100%	n/a

1) Expected volatility was determined by calculating the historical volatility of Cadbury plc's share price over the previous three years.
2) Fair value of BSRP includes 100% of the matching shares available.

The BSRP resulted in a charge of £0.7m in 2008 (2007: £1.3 m). DSOP and share save plans resulted in a charge of £1.4m in 2008 (2007: £2.4m).

16 Share-based Payments (cont)

2008: Details of the share option plans are as follows:

	Balance outstanding at the beginning of the year	Granted[1]	Exercised	Cancelled	Balance outstanding at the end 01/05/2008	Exercise prices for options outstanding at 01/05/2008 in the range (in £)	Weighted average exercise price of options outstanding at 01/05/2008 (in £)	Weighted average contractural life in months of options outstanding at 01/05/2008	Exercisable at 01/05/2008	Weighted average exercise price of options currently exerciseable at 01/05/2008 (in £)
a	9,284,890	2,546	1,350,893	248,852	7,687,690	3.15–4.69	4.03	35.09	71,942	3.59
c	1,271,116	0	68,001	0	1,203,115	3.31-4.83	4.24	46.22	1,203,115	4.24
d	1,402,501	0	74,250	0	1,328,251	4.40-5.70	4.82	79.45	1,328,251	4.81

1. Options which had been cancelled were subsequently re-instated during this period, as permitted under the Scheme rules.

	Balance outstanding at 02/05/2008[1]	Granted	Exercised	Cancelled	Balance outstanding at the end of the year	Exercise prices for options outstanding at the end of the year in the range (in £)	Weighted average exercise price of options outstanding at the end of the year (in £)	Weighted average contractural life in months of options outstanding at the end of the year	Exercisable at year end	Weighted average exercise price of options currently exerciseable at year end (in £)
a	6,901,240	12,138[2]	237,229[3]	264,661[4]	6,411,487	3.51–5.22	4.49	27.48	-	-
b	-	1,127,346	-	11,728	1,115,618	5.05	5.05	57.95	-	-
c	1,080,036	67,205[2]	481,938	-	665,303	3.92-5.38	4.83	39.00	665,303	4.83
d	1,192,371	120,424[2]	315,570	10,097	987,128	4.90-5.85	5.43	72.00	987,128	5.43

1. As a result of the Scheme of Arrangement which resulted in Cadbury plc replacing Cadbury Schweppes plc as the new holding company of the Group and the subsequent demerger of Americas Beverages, the publicly traded shares of the Group were restructured with 100 Cadbury Schweppes plc shares being exchanged for 64 Cadbury plc ordinary shares and 12 common stock in Dr Pepper Snapple Group, Inc. In consequence share options and awards were recalculated to ensure that in the new structure they had an equivalent value at the point of exchange (being 2 May 2008) to the original share options and awards. The formula applied was agreed in advance with HM Revenue and Customs (HMRC) in the UK in respect of UK approved share option plans.
2. Options which had been cancelled were subsequently reinstated during this period in accordance with the rules of each Plan.
3. 222,551 options were exercised directly in Cadbury plc. 24 participants of the Cadbury Schweppes Savings-Related Share Option Scheme 1982 exercised 16,347 options in Cadbury Holdings Limited (formerly Cadbury Schweppes plc) between 2 May 2008 and 31 December 2008. As soon as the 16,347 shares were allotted, they were immediately exchanged for 14,678 shares in Cadbury plc, as required under the Scheme rules. The latter figure has been included in the total number of options exercised.
4. 241,121 options were cancelled directly in Cadbury plc. 26,223 options in Cadbury Holdings Limited were cancelled between 2 May 2008 and 31 December 2008. These options have been included, using the HMRC-approved formula in the total number of options cancelled.

16 Share-based Payments (cont)

2007: Details of the share option plans are as follows:

	Balance outstanding at the beginning of year	Granted	Exercised	Cancelled	Balance outstanding at the end of the year	Exercise price for options (in £s)	Weighted average exercise price of options (in £s) (i)	Weighted average contractural life in months of options outstanding at the end of the year	Exercisable at year end	Weighted average exercise price of options currently exerciseable at year end (in £)
a	10,180,239	1,140,351	1,654,483	381,217	9,284,890	3.15-4.69	3.96	27.00	-	-
c	2,202,888	-	1,027,212	-	1,271,116	3.52-4.83	4.28	52.00	1,271,116	4.28
d	1,470,500	-	164,499	13,000	1,402,501	4.40-5.26	4.83	83.00	702,751	4.40

(a) The Cadbury Schweppes Savings-Related Share Option Scheme 1982 for employees was approved by shareholders in May 1982. These options, granted by Cadbury Schweppes plc prior to 2 May 2008, are normally exercisable within a period not later than 6 months after the repayment date of the relevant, "Save-as-you-Earn" contracts which are for a term of 3, 5 or 7 years.

(b) The Cadbury plc 2008 Savings Related Share Option Scheme for employees was approved by shareholders in April 2008. These options are normally exercisable within a period not later than 6 months after the repayment date of the relevant, "Save-as-you-Earn" contracts which are for a term of 3, 5 or 7 years.

(c) The Cadbury Schweppes Share Option Plan 1994 for directors, senior executives and senior managers was approved by shareholders in May 1994. Options shown here were granted prior to 15 July 2004 and are normally exercisable within a period of 7 years commencing 3 years from the date of grant, subject to the satisfaction of certain performance criteria.

(d) The Cadbury Schweppes Share Option Plan 2004 for eligible executives (previously called the Cadbury Schweppes Share Option Plan 1994, as amended at the 2004 AGM). Options shown here were granted after 15 July 2004, and are normally exercisable within a period of 7 years commencing 3 years from the date of grant, of grant, subject to the satisfaction of certain performance criteria.

17 Called up share capital

	2008 £'000	2007 £'000
Authorised:		
50,000,000 ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid:		
49,675,000 ordinary shares of £1 each	49,675	49,675

18 Reconciliation of movements in shareholders' funds (all equity) and movement on reserves

	Called-up Share capital £'000	Capital reserve £'000	Profit and loss account £'000	2008 Total £'000	2007 Total £'000
At beginning of the year	49,675	9,438	115,404	174,517	133,002
(Loss)/profit for the year	-	-	(43,079)	(43,079)	38,456
Credit to equity for share-based payment	-	-	(590)	(590)	3,059
Transfer between reserves	-	(60)	60	-	-
Dividends	-	-	-	-	-
At end of the year	**49,675**	**9,378**	**71,795**	**130,848**	**174,517**

Upon transfer of the revalued assets to the partnership on 31 December 2000 in accordance with the accounting policies set out in note 1, the associated revaluation reserve was transferred to a non-distributable capital reserve. Transfers between the capital reserve and the profit and loss account reserve will continue to be made in future years in order to amortise surpluses over the remaining useful lives of the properties.

The Profit and loss account includes the Company's share of the credit to equity for share-based payments in line with Financial Reporting Standard No. 20 – 'Share-based Payments'.

19 Related Party Transactions

The Company has taken advantage of the exemption under the rules of Financial Reporting Standard No.8 – 'Related party disclosures' not to disclose related party transactions with other Cadbury plc Group companies as over 90% of the voting rights of the Company are controlled by the ultimate parent company, Cadbury plc, and the consolidated financial statements of the ultimate parent company are publicly available.

20 Post Balance Sheet Events

On 10th August 2009 the Green & Blacks business was integrated into the Cadbury UK business. To effect this reorganisation the Partnership entities purchased the marketing and distribution and global brands business of Green & Blacks Limited from Cadbury Holdings Limited. The Partnership agreement was restated at this date to reflect this transaction.

21 Ultimate Parent Company

From 2 May 2008, the Company's controlling and ultimate parent undertaking is Cadbury plc which, following the scheme of arrangement effected on that date, has become the new parent company of the Cadbury group. Cadbury Schweppes plc has now been renamed Cadbury Holdings Limited and is a wholly owned subsidiary of Cadbury plc. Cadbury plc is a company registered in England and Wales. This is the largest and smallest Group of which this Company is a member for which Group financial statements are drawn up. Copies of the Group Financial Statements of Cadbury plc are available from Cadbury House, Uxbridge Business Park, Sanderson Road, Uxbridge, UB8 1DH.

Cadbury UK

Annual Report & Financial Statements

Year ended 31 December 2008

Report of the Management Committee

Management Committee and Advisors

Partners

Cadbury UK Limited
Trebor Bassett Limited
The Old Leo Company Limited

Management Committee

T J Bond
G A Chick
R Doyle
D Harding-Smith
S Hosaki
D J Pogson
P J Rumbol
W Strickland

Secretary

Cadbury Nominees Limited (appointed 25 June 2008)

Principal Office

Cadbury House
Sanderson Road
Uxbridge
Middlesex
UB8 1DH

Auditors

Deloitte LLP
Chartered Accountants and Registered Auditors
London

Report of the Management Committee (continued)

Year ended 31 December 2008

In accordance with Regulation 4(1) (a) and (b) of the Partnerships and Unlimited Companies (Accounts) Regulations 1993, the Management Committee present their Report, together with the audited financial statements of Cadbury UK (the 'Partnership') for the year ended 31 December 2008 ("the year").

Review of the Business and Principal Activities

On 17 July 2000, Cadbury Limited, Trebor Bassett Limited and The Lion Confectionery Company Limited (the 'Partners') entered into a Partnership agreement and formed Cadbury Trebor Bassett. On 28 September 2007, Cadbury Limited changed its name to Cadbury UK Limited. On 23 June 2008, The Lion Confectionery Company Limited changed its name to The Old Leo Company Limited and the Cadbury Trebor Bassett partnership changed its name to Cadbury UK. The Partnership agreement remains unchanged and affords that the profits of the Partnership be distributed between the Partners in accordance with the wishes of the Management Committee. The Partners are all subsidiary companies of Cadbury plc.

The principal activity of the Partnership is the manufacture, marketing and sale of chocolate and sugar confectionery products to wholesale and retail outlets in the UK.

Business review

The confectionery strategy of Cadbury plc (the Group) is to deliver superior shareowner returns through achieving the vision of being the world's biggest and best confectionery company.

The Partnership aims to achieve the Group's vision through delivering its performance scorecard and three priorities:

1) Growth: fewer, faster, bigger, better

Our goal is to grow revenue on a base business basis by between 4-6% per annum. Our revenue is generated from the sale of branded confectionery products such as chocolate, sugar sweets and chewing gum. Cash is usually generated in line with revenue and there are no significant time lags. Direct trading costs consist mainly of raw materials, which for confectionery products are cocoa, dairy products, sugar and sweeteners, various types of nuts and fruit and packaging. The other major direct cost is labour. Indirect operating costs include marketing, distribution, indirect labour, warehousing sales force, innovation, IT and administrative costs.

The Partnership's revenue in 2008 was £1,166 million (2007: £1,181 million). As part of the programme of cost reduction and efficiency the Monkhill business was sold during the year as it was non-core. Excluding revenue from the Monkhill business, the Partnership's revenue was £1,157 million (2007: £1,104 million) which represents growth of 4.8%. Revenue growth was led by strong growth in Cadbury Dairy Milk, including new variants and formats, and the successful launch of Crème Egg Twisted and Wispa. In candy, revenues were boosted by recovery from the Sheffield flood which adversely impacted the business in the second half of 2007. Growth was also helped by the successful introduction of The Natural Confectionary Co in the UK into grocery channels.

2) Efficiency: relentless focus on cost and efficiency.

Our goal is to drive cost and efficiency gains to help achieve a mid-teens underlying operating profit margin by 2011. A programme of cost reduction and efficiency is being undertaken throughout the Group and is impacting all parts of the business. In the UK, initiatives are continuing that will lead to supply chain efficiencies. These initiatives include:

-

Report of the Management Committee (continued)
Year ended 31 December 2008

Business Review (Continued)

- Disposal of the Monkhill business, which principally manufactures sugar confectionery and popcorn for the UK market, in February 2008 as it was non-core;
- Planned closure of the Somerdale plant in 2010 and transfer of its chocolate production to Bournville and a new site which is being built in Poland.

In 2008, the operating margin included an operating loss of £112.4 million on the disposal of the non-core Monkhill business. Excluding this loss, operating profit was £71.4 million (2007: £68.8 million) and operating margin was 6.1% (2007: 5.7%). Base business margins improved year-on-year as the result of the ongoing programme of cost reduction and efficiency, although these cost reductions were partly offset by higher commodity costs. Outside underlying profit from operations were restructuring costs of £15.4m (2007: £62 million). These costs include redundancy costs and asset write-offs incurred as part of the closure of the Somerdale factory, redundancy costs incurred as part of the SG&A headcount reduction and an onerous contract due to the relocation of the UK headquarters.

Non-trading items included an accounting loss of £112.4 million on the sale of the Monkhill business.

3) Capabilities: ensure world-class quality.

In 2008, we continued to improve our capabilities across all aspects of our business to support our growth and efficiency agenda.

During 2008, the Partnership has continued to aggregate and standardise support services such as IT and back office services, and outsource these where efficiency savings can be gained. The clustering and delayering of the organisation and an increasing level of outsourcing will assist in the goal of streamlining processes and improving capabilities across the business, including in supply chain, finance and IT.

The partnership also continues to support the Cadbury Sustainability Commitments:

Within the overriding goal of being performance driven, but values led, the Partnership aims to:

- promote responsible consumption of its products;
- ensure ethical and sustainable sourcing of raw materials and other inputs;
- prioritise quality and safety;
- reduce carbon and water use and packaging;
- nurture and reward colleagues; and
- invest in the communities in which we operate.

Business risk factors

The Partnership and its results could be materially adversely affected by any or all of the following risks. In addition to the following risk factors, we face certain market risks that are discussed under the heading Financial Instruments (Liquidity Risk, Interest Rate Risk, Currency Risk, Credit Risk and Commodity Risk).

Report of the Management Committee (continued)

Year ended 31 December 2008

1) Competition and demand

The confectionery industry is highly competitive. The Partnership competes with other multinational corporations which have significant financial resources to respond to and develop the markets in which both we and they operate. These resources may be applied to change areas of focus or to increase investments in marketing or new products. Furthermore, consumer tastes are susceptible to change. If the Partnership is unable to respond successfully to rapid changes in demand or consumer preferences, sales or margins could be adversely affected.

2) Product quality and safety

Despite safety measures adopted by the Partnership, products could become contaminated or not meet quality or safety standards. The Partnership uses many ingredients in manufacturing confectionery which increases the risk of either accidental or malicious contamination. Any contamination or failure to meet quality and safety standards may be expensive to remedy and could cause delays in manufacturing and have adverse effects.

3) Dependence on business partners

An increasing proportion of the Partnership's functions are outsourced to third parties. Failure of the third parties to deliver on their contractual obligations or failure of the Partnership to manage them effectively could lead to adverse effects.

4) Information technology

The Partnership depends on accurate, timely information and numerical data from key software applications to aid day-to-day decision-making. Any disruption caused by failings in these systems could delay or otherwise impact day-to-day decision-making, or cause material financial losses.

5) Raw materials

The Partnership depends upon the availability, quality and cost of raw materials from around the world, which exposes it to price and supply fluctuation. Key items such as cocoa, milk, sweeteners, packaging materials and energy are subject to potentially significant fluctuations. While measures are taken to protect against the short-term impact of these fluctuations, there can be no assurance that any shortfalls will be recovered. A failure to recover higher costs or shortfalls in availability or quality could decrease the profitability of the Partnership.

6) Role of food in public health

Many countries face rising obesity levels due to an imbalance between energy consumed via food and expended through activity. The reasons for the changes in society and for some individuals having a greater inclination to obesity are multifaceted and complex. There are risks associated with the possibility of government action against the food industry, such as levying additional taxes on or restricting the advertising of certain product types. This could increase the tax burden or make it harder for the Partnership to market products, reducing sales and/or profits.

Report of the Management Committee (continued)

Year ended 31 December 2008

Outlook for 2009 and Future Prospects

Looking ahead to 2009, the Partnership is confident that the business has strong foundations and that it operates in resilient categories. The strong momentum coming into the year should help to drive revenue growth while operating leverage, the initiatives in place to deliver savings and a robust approach to pricing should enable delivery of margin progression in 2009.

Post Balance Sheet Events

On 10th August 2009 the Green & Blacks business was integrated into the Cadbury UK business. To effect this reorganisation the Partnership entities purchased the marketing and distribution and global brands business of Green & Blacks Limited from Cadbury Holdings Limited. The Partnership agreement was restated at this date to reflect this transaction.

Investments

During the year, the Partnership was party to no capital transactions.

Results and dividends

The loss on ordinary activities for the financial year after taxation was £52,723,000 (2007: profit of £57,129,000).

The loss of £52,723,000 has been absorbed by the partners capital (2007: profits of £57,129,000 distributed to the partners) in accordance with the terms of the Partnership Agreement.

Provision of information to auditors

Each of the persons who is a member of the management committee at the date of approval of this report confirms that:

(1) so far as the member of the management committee is aware, there is no relevant audit information of which the Partnership's auditors are unaware; and

(2) the member of the management committee has taken all the steps that he ought to have taken as a member of the management committee in order to make himself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Fixed Assets

In the opinion of the directors there is no material difference between the book and the current open market value of interests in land and buildings.

Report of the Management Committee (continued)

Year ended 31 December 2008

Disabled Employees

Although they are employed by Cadbury Trebor Bassett Services Limited and Cadbury UK Limited, the Partnership bears the cost of employment of a number of people who are disabled, not all of whom are formally registered disabled persons in UK terms. If an employee becomes disabled it is standard practice, in all but the most extreme circumstances, to offer an alternative job and provide retraining where necessary.

Employee Involvement

The policy of informing and consulting with employees has continued by means of regular newsletters and employees are encouraged to present their views and suggestions in respect of the Partnership's performance. Employees are also eligible to participate in the Cadbury plc Savings-Related Share Option Scheme, with options to purchase shares in the ultimate holding company after a period of regular savings as defined under the terms of the scheme.

Financial instruments

The Partnership is exposed to market risks arising from its business.

a) Liquidity risk

The Partnership achieves certainty of funding by operating a flexible borrowing mechanism with Cadbury plc.

Cadbury plc seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowings structure. Consequently the policy seeks to ensure that all projected net borrowing needs are covered by committed facilities.

b) Interest rate risk

The Partnership has an exposure to interest rate fluctuations on its borrowings with Cadbury plc and on certain finance leases.

c) Currency risk

The Partnership has transactional currency exposures arising from its international trade. Through Cadbury plc, the Partnership makes use of the forward foreign exchange markets to manage its exposures. Cadbury plc's policy is to take forward cover for all forecast receipts and payments for as far ahead as the pricing structures are committed, subject to a minimum of three months' cover.

d) Credit risk

The Partnership's trade receivables are concentrated with a small number of large customers, however management believe that credit risk is limited as these customers have high credit ratings. Management therefore believe that there is no further credit risk provision require in excess of normal provision for doubtful receivables.

e) *Commodity risk*

The Partnership has commodity movement exposures arising from its international trade. Through Cadbury plc, the Partnership makes use of derivative contracts for cocoa in order to provide a stable cost base for marketing finished products.

Report of the Management Committee (continued)
Year ended 31 December 2008

Charitable and Political Contributions
During the year, the Partnership made charitable contributions of £573,000 (2007: £749,000). The Partnership made no political contributions during the year (2007: £nil).

Auditors
The Partners have appointed Deloitte LLP to undertake an audit of the Partnership Financial Statements and prepare an Auditor's report thereon. Deloitte LLP will continue as auditors until such time as the Partners dispense with their services.

Going Concern
On the basis of current financial projections and with due regard to the Partnership's position within the Cadbury Group of Companies, the Management Committee, after making enquiries, have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future and is well placed to manage the risks identified in the Business Risks section above. Accordingly, they consider that it is appropriate to adopt the going concern basis in preparing the annual report and accounts.

Principle Office
Cadbury House
Sanderson Road
Uxbridge
Middlesex
UB8 1DH

By order of the Management Committee,

T Bond
Managing Director

21st October 2009

Statement of Management Committees' Responsibilities in Relation to Financial Statements
Year ended 31 December 2008

The Management Committee is required by the Partnership and Unlimited Companies (Accounts) Regulations I993 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Partnership as at the end of the financial year, and of the profit or loss for the financial year. The Management Committee accept that they have a responsibility for preparing the financial statements in accordance with applicable accounting standards and the provisions of the Companies Act 1985 ("the Act") which would have applied if the financial statements were statutory financial statements.

After making enquiries, the Management Committee has a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Management Committee considers that in preparing the financial statements the Partnership has used appropriate accounting policies, as set out in note 1 to the financial statements, that have been consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards that the Partners consider applicable have been followed, subject to any material departures disclosed and explained in the financial statements.

The Management Committee has responsibility for ensuring that the Partnership keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership, and which enable them to ensure that the financial statements comply with the Partnership and Unlimited Companies (Accounts) Regulations 1993. The Partners have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

Independent Auditors' Report

Independent Auditors' Report to the Members of Cadbury UK

We have audited the financial statements of Cadbury UK for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Partnership's Partners, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Partnerships Partners those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Partnership and the Partnership's Partners as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Management Committee and auditors

The Management Committee's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of members' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985 as applied to qualifying partnerships by the Partnerships and Unlimited Companies (Regulations) 1993. We also report to you on the consistency of the report of the management committee with the financial statements, if the partnership has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding members' remuneration and other transactions is not disclosed.

We read the Management Committee report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Management Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Partnership's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' Report

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Partnership's affairs as at 31 December 2008 and of its loss for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985 as applied to qualifying partnerships; and

- the information given in the Management Committee's report is consistent with the financial statements.

Deloitte LLP 21st October 2009
Chartered Accountants and Registered Auditors
London, UK

Profit and loss account

For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Turnover	3	1,166,286	1,180,706
Cost of Sales		(769,564)	(791,040)
Gross Profit		**396,722**	**389,666**
Net operating expenses	4	(325,686)	(359,423)
Operating profit		**71,036**	**30,243**
(Loss)/profit on disposal of fixed assets	7	(112,035)	37,308
Loss/(profit) before interest		**(40,999)**	**67,551**
Interest receivable and similar income	5	2,606	6,059
Interest payable and similar charges	6	(14,330)	(16,481)
Loss/(profit) available for distribution	7	**(52,723)**	**57,129**
Distribution of loss/(profit) to partners	11	52,723	(57,129)
Result for the financial year		**-**	**-**

There are no recognised gains or losses in either year other than the profit or loss available for distribution for each year and therefore no statement of total recognised gains and losses is required.

All activity is derived from continuing operations throughout both years.

There is no material difference between the result as disclosed in the profit and loss account and the result on a historical cost basis.

The accompanying notes form an integral part of this profit and loss account.

CADBURY UK

Balance sheet

As at 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Intangible fixed assets	12	66,843	71,049
Tangible fixed assets	13	276,872	370,426
		343,715	441,475
Current assets			
Stocks	14	154,290	148,395
Debtors	15	144,899	211,591
Cash at bank and in hand		4,914	10,815
		304,103	370,801
Creditors: amounts falling due within one year	16	(260,809)	(271,093)
Net current assets		**43,294**	**99,708**
Total assets less current liabilities		**387,009**	**541,183**
Creditors: amounts falling due after one year	17	(1,014)	(1,328)
Provisions for liabilities and charges	18	(52,862)	(54,200)
Net assets		**333,133**	**485,655**
Capital and reserves			
Partner's capital	20	333,133	485,655
Partnership funds		**333,133**	**485,655**

The accompanying notes form an integral part of this Balance Sheet.

The financial statements of Cadbury UK were approved by the Management Committee and authorised for issue on 2nd October 2009.

Signed on behalf of the Partnership:

T Bond
Managing Director

D Harding-Smith
Finance Director

21st October 2009

Notes to the Financial Statements – 31 December 2008

1 Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year, except for where changes have been made to previous policies on the adoption of new accounting standards during the year.

a) Accounting convention

The financial statements are prepared on a going concern basis, as discussed in the Report of the Management Committee on page 7, under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

b) Partnership Agreement

On 17 July 2000, Cadbury Limited, Trebor Bassett Limited and The Lion Confectionery Company Limited entered into a Partnership agreement and formed Cadbury Trebor Bassett. On 28 September 2007, Cadbury Limited changed its name to Cadbury UK Limited. On 23 June 2008, The Lion Confectionery Company Limited changed its name to The Old Leo Company Limited and the Cadbury Trebor Bassett partnership changed its name to Cadbury UK. Since the formation of the Partnership in 2000, all the Companies have traded exclusively for, and on behalf of, the Partnership. The terms of the Partnership agreement affords the profits of the Partnership to be distributed between the Partners in accordance with the wishes of the Management Committee.

Under the terms of the Partnership agreement, the beneficial interest of all assets and liabilities used in the business of the Partners was transferred to the Partnership on 31 December 2000. Accordingly, these assets are now disclosed in the financial statements of the Cadbury UK Partnership.

These financial statements should be read in conjunction with the financial statements of the Partners.

c) Foreign Currency

Transactions denominated in foreign currencies are translated into sterling at the actual rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the middle market rates at the balance sheet date. Any exchange differences are taken to the profit and loss account as they arise.

d) Sales

This represents the invoiced value of sales (net of trade discounts, sales incentives, upfront payments, slotting fees and other non-discretionary payments) and royalties, excluding value added tax and sales taxes. Revenue is recognised when persuasive evidence of an arrangement with a customer exists, delivery has occurred, the price is fixed or determinable and collection of the amount due is reasonably assured.

e) Research and development

Expenditure on research and development is charged to the profit and loss account as incurred.

f) Goodwill and Intangible Fixed Assets

Purchased goodwill is capitalised in the year in which it arises and amortised over its useful economic life up to a maximum of 20 years.

1 Accounting policies (continued)

g) Tangible Fixed Assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is charged (excluding freehold land and assets in course of construction) so as to write off the cost of assets to their residual value, over their expected useful lives using the straight-line method. The principal rates are as follows:

Freehold land and buildings	2.5%
Plant and Machinery:	
Plant and machinery	7%-10%
Office equipment	10%-20%
Computer hardware and software	12.5%-33%

Land is not depreciated.

Assets in the course of construction are not depreciated until they are available for use. An asset is considered to be available for use when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Once constructed and ready for use assets are transferred from assets in the course of construction to the appropriate asset category.

The transitional rules of Financial Reporting Standard No. 15 have been adopted, which allow the Partnership to maintain the carrying values of the revalued assets (post 1994) at their modified cost.

h) Fixed Assets Held under Leases

Where assets are financed by leasing arrangements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as obligations under finance leases. Depreciation on leased assets is charged to the profit and loss account on the same basis as shown above. Leasing payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account.

All other leases are 'operating leases' and the relevant annual rentals are charged wholly to the profit and loss account in the year in which they are incurred.

i) Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost is purchase price, or production cost in the case of the products manufactured by the Partnership. Production cost consists of direct material and labour costs together with a reasonable proportion of factory overheads, including depreciation, on the basis of normal levels of activity. Provision is made for obsolete, slow moving or defective items where appropriate.

j) Cash flow statement

In accordance with the provision of Financial Reporting Standard No.1, the Partnership has not prepared a cash flow statement because its ultimate parent company, Cadbury plc, which is incorporated in Great Britain and registered in England and Wales, has prepared consolidated financial statements which include the financial statements of the Company for the period and which are publicly available.

1 Accounting policies (continued)

k) Pension Costs and Other Post Retirement Benefits

The Partnership accounts for pensions and post retirement benefits in accordance with FRS 17.

The Partnership participates in the Group's defined benefit retirement schemes. The Partnership is unable to identify its share of the assets and liabilities in the scheme on a consistent and reasonable basis. Therefore the company has applied the provisions of FRS 17 to account for defined benefit schemes as if they were defined contribution schemes and recognises only the contributions payable each year.

l) Financial Instruments

The Partnership uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Partnership does not hold or issue derivative financial instruments for speculative purposes.

To qualify as a hedge, a financial instrument must be related to actual assets or liabilities or to a firm commitment or anticipated transaction. Gains and losses on hedges of existing assets or liabilities are included in the carrying amounts of those assets or liabilities and are ultimately recognised in the profit and loss account as part of those carrying amounts. Gains and losses on qualifying hedges of firm commitments or anticipated transactions are also deferred and are recognised in the profit and loss account or as adjustments of carrying amounts when the hedged transaction occurs.

Gains and losses on financial instruments that do not qualify as hedges are recognised as other income or expense. If a financial instrument ceases to be a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any gains or losses are recognised as other income or expense.

m) Government Grants

Revenue grants are credited to the profit and loss account. Capital grants are amortised over the estimated lives of the qualifying assets.

n) Treasury Risk Management

The principal activity of the Partnership is the manufacture, marketing and sale of chocolate and sugar confectionery products to wholesale and retail outlets in the UK. The Company's financial instruments comprise borrowings, loans, cash, other debtors and other creditors. No trading in financial instruments was undertaken by the Partnership during the period under review.

The main risks arising from the Partnership's financial instruments are liquidity risk, interest rate risk, currency risk and credit risk. Details of treasury risk management are outlined in the Report of the Management Committee.

o) Share based payments

The Partnership has opted for full retrospective adoption of FRS 20 "Share-based payments". Cadbury plc issues equity settled share-based payments to certain Partnership employees. A fair value for the equity settled share awards is measured at the date of the grant. Management measures the fair value using the valuation technique that they consider to be the most appropriate to value each class of award. Methods used include Binomial models,

1 Accounting policies (continued)

o) Share based payments (continued)

Black-Scholes calculations and Monte Carlo simulations. The valuations take into account factors such as non-transferability, exercise restrictions and behaviourial considerations.

An expense is recognised to spread the fair value of the each award over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. The estimate of the level of vesting is reviewed at least annually, with any impact on the cumulative charge being recognised immediately.

2 Annual Financial Statements

The annual financial statements were drawn up on a calendar year basis to 31 December 2008.

The profit and loss account covers the periods from 1 January 2008 to 31 December 2008 (2008) and 1 January 2007 to 31 December 2007 (2007). The balance sheets for 2008 and 2007 have been drawn up at 31 December 2008 and 31 December 2007 respectively.

3 Turnover and Operating Profit

Turnover and profits principally arose from the manufacture, marketing and sale of confectionery products within the United Kingdom, and entirely from the Partnership's continuing operations.

4 Net Operating Expenses

	2008 £'000	2007 £'000
Distribution costs, including marketing	182,338	195,045
Administrative expenses	143,348	164,378
	325,686	**359,423**

Administrative expenses above include £15,391,000 (2007: £61,674,000) in respect of the cost of business reconfiguration and rationalisation. These costs are not fundamental restructuring costs as defined in Financial Reporting Standard No. 3 "Reporting Financial Reporting".

5 Interest receivable and similar income

	2008 £'000	2007 £'000
Interest receivable on external loans and deposits	157	127
Interest receivable on inter-company loans	2,449	5,932
	2,606	**6,059**

6 Interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable on overdrafts and bank loans	176	554
Finance lease interest	324	1,372
Unwind of provision discount	2,552	-
Interest payable on inter-company loans	11,278	14,555
	14,330	**16,481**

7 Profit available for distribution

Profit available for distribution is stated after charging:

	2008 £'000	2007 £'000
Depreciation on owned assets	33,991	34,824
Depreciation on assets held under finance leases	8,744	9,183
Amortisation of goodwill	4,208	4,208
Operating lease rentals - plant & machinery	4,332	5,209
Operating lease rentals - other	6,985	6,990
Loss/(profit) on disposal of fixed assets	112,035	(37,308)
Research and development expenditure	76	44
Fees payable to the company's auditor		
- fees payable for the audit of the company's annual accounts	402	365

Total loss on disposal below operating profit relates to a net loss of £112.0 million from the disposal of the Monkhill business. In 2007, the total profit on disposal below operating profit includes a net profit from an accounting gain of £38.0 million arising from a factory insurance recovery following a fire in 2005 at Monkhill confectionery, offset by a provision for costs associated with the disposal of this business.

8 Pension Arrangements

The Company is a member of the Cadbury plc Group of companies, which operates Group pension schemes for its UK subsidiaries. The major scheme is the Cadbury plc Pension Fund.

The UK pension plans are administered and funded on a Group basis, with contributions fixed based on the position of the overall fund. It is not possible to calculate the company's share of the liabilities and consequently, the Partnership has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The total pension cost of the partnership, borne on behalf of the partners, was £27,671,000 (2007: £34,536,000), which, together with the pension costs of other subsidiaries in the group schemes, was assessed by qualified actuaries based on the latest actuarial assessment.

8 Pension Arrangements (cont)

This information has been calculated using the measurement principles of IAS 19 which are materially the same as the measurement principles of FRS 17.

At the year end, under IAS 19, the Group defined benefit pension schemes had a deficit of £258m, of which a £2m surplus related to UK pension obligations. At 1 January 2008, the Group defined benefit pension schemes, under IAS 19 had a surplus of £80m, of which a surplus of £206m related to UK pension obligations.

2008	**Rate of Return (%)**	**Market Value (£m)**
Equities	8.0	746
Bonds	4.7	933
Property	7.0	102
Other	3.8	-
		1,781
Present value of scheme liabilities		(1,779)
Surplus in the scheme		2

2007	**Rate of Return (%)**	**Market Value (£m)**
Equities	8.0	963
Bonds	5.0	923
Property	7.0	144
Other	6.0	70
		2,100
Present value of scheme liabilities		(1,894)
Surplus in the scheme		206

The figures above were calculated on the basis of the following assumptions

	% 2008	**% 2007**
Rate of increase in salaries	3.65	4.25
Rate of increase in pensions in payment	2.8	3.25
Rate of increase for deferred pensioners	2.65	3.25
Discount rate for scheme liabilities	6.1	5.8
Inflation	2.65	3.25
Medical cost inflation	5.5	5.8

Further details of the latest actuarial valuation can be found in the Report & Accounts of Cadbury plc.

9 Employees and Emoluments

Since the formation of the Partnership on 17 July 2000, employee emoluments were borne by the Partnership although all employees remained employed by the Partners. On 6 April 2002, the employment of some employees was transferred to Cadbury Trebor Bassett Services Limited, a fellow Group undertaking. All other employees remained employed by Cadbury UK Ltd (one of the partners).

The average number of employees employed by Cadbury Trebor Bassett Services Limited or Cadbury UK Ltd, on behalf of the Partnership was:

	2008	**2007**
Production	2,977	3,748
Distribution, selling and marketing	1,063	1,231
Administration	492	576
	4,532	**5,555**

Employee emoluments comprised:

	2008	**2007**
	£'000	**£'000**
Wages and salaries	188,849	233,057
Social Security Costs	14,341	16,372
Other pension costs	27,671	34,536
	230,861	**283,965**

Employments costs in 2008 include £11.3m (2007: £10.4m) additional pension funding relating to continuing employees. A one-off reduction in pension costs of £7.9m was recorded in the year, relating to reduced pension obligations associated with cost reduction initiatives. Employment costs in 2008 also include £8.4m (2007: £44.2m) redundancy costs.

10 Taxation on profit available for distribution

The Partnership is not subject to UK Corporation Tax. Tax on the Partnership profits is accounted for in the relevant Partners' financial statements.

Notes to the Financial Statements – 31 December 2008

11 Distribution to Partners

	2008 £'000	2007 £'000
Distribution of (loss)/profit before interest to the Partners:		
Cadbury UK Limited	(34,091)	56,169
Trebor Bassett Limited	(6,703)	11,045
The Old Leo Company Limited	(205)	337
	(40,999)	**67,551**
Distribution of net interest expense available for distribution to the Partners:		
Cadbury UK Limited	(6,198)	(4,534)
Trebor Bassett Limited	(5,488)	(5,861)
The Old Leo Company Limited	(38)	(27)
	(11,724)	**(10,422)**
	(52,723)	**57,129**

The profit before interest and net interest expense of the Partnership has been distributed back to the Partners in accordance with the wishes of the Management Committee.

12 Intangible Fixed Assets – Goodwill and Intellectual Property

	Goodwill £'000	Intellectual Property £'000	Total £'000
Cost			
At 1 January 2008	89,169	4,173	**93,342**
Additions	-	-	**-**
Disposals	(1,334)	-	**(1,334)**
At 31 December 2008	**87,835**	**4,173**	**92,008**
Accumulated Amortisation			
At 1 January 2008	(22,031)	(262)	**(22,293)**
Charge for the year	(3,999)	(207)	**(4,206)**
Disposals	1,334	-	**1,334**
At 31 December 2008	**(24,696)**	**(469)**	**(25,165)**
Net Book Value			
At 31 December 2008	**63,139**	**3,704**	**66,843**
At 1 January 2008	67,138	3,911	71,049

Goodwill associated with the Monkhill business was disposed of with the sale of the business. This goodwill had been fully written down in previous years.

Notes to the Financial Statements – 31 December 2008

13 Tangible Fixed Assets

	Freehold land & buildings	Plant & machinery	Assets in course of construction	Total
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 January 2008	88,700	699,908	112,421	**901,029**
Additions	22,808	27,883	(10,797)	**39,894**
Transfers (from)/to Group companies	-	(63)	-	**(63)**
Disposals	(12,599)	(54,571)	(67,843)	**(135,013)**
At 31 December 2008	98,909	673,157	33,781	**805,847**
At professional valuation	84,739	-	-	**84,739**
At cost	14,170	673,157	33,781	**721,108**
	98,909	**673,157**	**33,781**	**805,847**
Accumulated Depreciation				
At 1 January 2008	(19,562)	(511,041)	-	**(530,603)**
Charge for the year	(2,554)	(40,181)	-	**(42,735)**
Transfers (from)/to Group companies	-	-	-	-
Disposals	3,664	40,699	-	**44,363**
At 31 December 2008	**(18,452)**	**(510,523)**	**0**	**(528,975)**
Net Book Value				
At 31 December 2008	**80,457**	**162,634**	**33,781**	**276,872**
At 1 January 2008	69,138	188,867	112,421	370,426

Freehold land and buildings include land of £14,170,000 (2007: £16,328,000), which has not been depreciated.

Plant and machinery includes vehicles and fixtures and fittings. Assets in course of construction include payments on account.

Disposals include assets associated with the Monkhill business which had a Net Book Value of £82,912,000.

As described in the accounting policies, the Partnership has taken advantage of the transitional rules of Financial Reporting Standard No. 15. Certain Partnership properties were revalued to £70,710,000, on an open-market basis by Fuller Peiser as at 20 September 1995, and the revised valuations have been incorporated in the financial statements of the Partners from 30 December 1995.

If the revalued assets were stated on an historical cost basis the amounts would be as follows:

	2008	2007
	£'000	£'000
Land and buildings at cost	59,228	59,228
Accumulated depreciation at 1 January 2008	(20,626)	(19,442)
Charge for the year	(1,184)	(1,184)
	37,418	**38,602**

Finance Leases

Included in fixed assets are:	2008 £'000	2007 £'000
Plant and machinery under finance leases	206,301	207,965
Less accumulated depreciation	(189,215)	(182,136)
	17,086	**25,829**

14 Stocks

	2008 £'000	2007 £'000
Raw materials and consumables	17,363	18,697
Work in progress	27,378	25,473
Finished goods and goods for resale	109,549	104,225
	154,290	**148,395**

There is no material difference between the balance sheet value of stocks and their replacement cost.

15 Debtors

	2008 £'000	2007 £'000
Trade debtors	129,566	124,487
Amounts owed by fellow subsidiary undertakings	-	74,947
Other debtors	3,652	3,044
Prepayments and accrued income	11,681	9,113
	144,899	**211,591**

16 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Current obligation under finance leases	286	20,363
Trade creditors	76,083	76,839
Amounts owed to Cadbury plc	2,937	8,416
Amounts owed to fellow subsidiary undertakings	8,915	-
Other taxes and social security costs	33,067	38,664
Other creditors	119,304	99,536
Accruals and deferred income	20,217	27,275
	260,809	**271,093**

Within amounts owed to fellow subsidiary undertakings is £29.1 million which bears interest at market rates.

Amounts owed to Cadbury plc are non-interest bearing.

17 Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Obligations under finance leases	919	1,226
Government grants	95	102
	1,014	**1,328**

18 Provisions for liabilities and charges

	Pension provision £'000	Reconfiguration provision £'000	Other provision £'000	Total £'000
At 1 January 2008	-	54,141	59	54,200
Charged during the year	24,321	15,391	376	40,088
Utilised during the year	(24,321)	(17,105)	-	(41,426)
At 31 December 2008	-	**52,427**	**435**	**52,862**

The reconfiguration provision includes a provision of £37,223,000 (2007: £41,960,000) for redundancy costs. Of this, £14,122,000 (2007: £33,407,000) is due after more than one year.

19 Share-based Payments

Certain employees of the Partnership receive share awards which are settled using the equity of the ultimate parent company, Cadbury plc. The Partnership recognised total expenses of £2.1m (2007: £3.8m) related to these equity-settled share-based payment transactions during the year.

Cadbury plc has a number of share option plans that are available to certain senior employees of the company: the Bonus Share Retention Plan (BSRP) and the Discretionary Share Option Plan (DSOP). Cadbury plc also has a UK share option scheme for all employees of the Partnership. Options are normally forfeited if the employee leaves Cadbury plc before the options vest. Cadbury plc also has an International Share Award Plan (ISAP) which is used to reward exceptional performance amongst employees.

An expense is recognised for the fair value at the date of grant of the estimated number of shares that will be awarded to settle the options over the vesting period of each scheme. The fair value is measured using the valuation technique that is considered to be the most appropriate to value each class of award: these include Binomial models and Black-Scholes calculations. These valuations take into account factors such as non-transferability, exercise restrictions and behavioural considerations. Key fair value and other assumptions are detailed below.

19 Share-based Payments (cont)

Schemes granted in 2008

	BSRP	ISAP	Sharesave
Expected volatility *(1)*	n/a	n/a	0.2
Expected life	3 yrs	1–3 yrs	Vesting + 5 months
Risk free rate	2.20%	2.7%–5.1%	4.0%–4.9%
Expected dividend yield	3.30%	2.6%–3.3%	2.4%–2.8%
Fair value per option (% of share price at date of grant) *(2)*	179.20%	89.9–99.1%	19.8%–28.4%
Possibility of ceasing employment before vesting	–	–	10%–49%
Expectation of meeting performance criteria	70%	100%	n/a

Schemes granted in 2007

	BSRP	ISAP	Sharesave
Expected volatility *(1)*	n/a	n/a	16-17%
Expected life	3 yrs	1-3 yrs	Vesting + 5 months
Risk free rate	5.50%	4.9%-5.8%	4.9%-5.8%
Expected dividend yield	2.50%	2.55-3.0%	1.9%-2.3%
Fair value per option (% of share price at date of grant) *(2)*	185.50%	91.8%-99.3%	24.0%-36.3%
Possibility of ceasing employment before vesting	-	-	10%-41%
Expectations of meeting performance criteria	40%	100%	n/a

1) *Expected volatility was determined by calculating the historical volatility of Cadbury plc's share price over the previous three years.*
2) *Fair value of BSRP includes 100% of the matching shares available.*

The BSRP resulted in a charge of £0.7m in 2008 (2007: £1.3 m). DSOP and share save plans resulted in a charge of £1.4m in 2008 (2007: £2.4m).

19 Share-based Payments (cont)

2008: Details of the share option plans are as follows:

	Balance outstanding at the beginning of the year	Granted[1]	Exercised	Cancelled	Balance outstanding at the end 01/05/2008	Exercise prices for options outstanding at 01/05/2008 in the range (in £)	Weighted average exercise price of options outstanding at 01/05/2008 (in £)	Weighted average contractural life in months of options outstanding at 01/05/2008	Exercisable at 01/05/2008	Weighted average exercise price of options currently exerciseable at 01/05/2008 (in £)
a	9,284,890	2,546	1,350,893	248,852	7,687,690	3.15–4.69	4.03	35.09	71,942	3.59
c	1,271,116	0	68,001	0	1,203,115	3.31-4.83	4.24	46.22	1,203,115	4.24
d	1,402,501	0	74,250	0	1,328,251	4.40-5.70	4.82	79.45	1,328,251	4.81

1. Options which had been cancelled were subsequently re-instated during this period, as permitted under the Scheme rules.

	Balance outstanding at 02/05/2008[1]	Granted	Exercised	Cancelled	Balance outstanding at the end of the year	Exercise prices for options outstanding at the end of the year in the range (in £)	Weighted average exercise price of options outstanding at the end of the year (in £)	Weighted average contractural life in months of options outstanding at the end of the year	Exercisable at year end	Weighted average exercise price of options currently exerciseable at year end (in £)
a	6,901,240	12,138[2]	237,229[3]	264,661[4]	6,411,487	3.51–5.22	4.49	27.48	-	-
b	-	1,127,346	-	11,728	1,115,618	5.05	5.05	57.95	-	-
c	1,080,036	67,205[2]	481,938	-	665,303	3.92-5.38	4.83	39.00	665,303	4.83
d	1,192,371	120,424[2]	315,570	10,097	987,128	4.90-5.85	5.43	72.00	987,128	5.43

1. As a result of the Scheme of Arrangement which resulted in Cadbury plc replacing Cadbury Schweppes plc as the new holding company of the Group and the subsequent demerger of Americas Beverages, the publicly traded shares of the Group were restructured with 100 Cadbury Schweppes plc shares being exchanged for 64 Cadbury plc ordinary shares and 12 common stock in Dr Pepper Snapple Group, Inc. In consequence share options and awards were recalculated to ensure that in the new structure they had an equivalent value at the point of exchange (being 2 May 2008) to the original share options and awards. The formula applied was agreed in advance with HM Revenue and Customs (HMRC) in the UK in respect of UK approved share option plans.
2. Options which had been cancelled were subsequently reinstated during this period in accordance with the rules of each Plan.
3. 222,551 options were exercised directly in Cadbury plc. 24 participants of the Cadbury Schweppes Savings-Related Share Option Scheme 1982 exercised 16,347 options in Cadbury Holdings Limited (formerly Cadbury Schweppes plc) between 2 May 2008 and 31 December 2008. As soon as the 16,347 shares were allotted, they were immediately exchanged for 14,678 shares in Cadbury plc, as required under the Scheme rules. The latter figure has been included in the total number of options exercised.
4. 241,121 options were cancelled directly in Cadbury plc. 26,223 options in Cadbury Holdings Limited were cancelled between 2 May 2008 and 31 December 2008. These options have been included, using the HMRC-approved formula in the total number of options cancelled.

19 Share-based Payments (cont)

2007: Details of the share option plans are as follows:

	Balance outstanding at the beginning of year	Granted	Exercised	Cancelled	Balance outstanding at the end of the year	Exercise price for options (in £s)	Weighted average exercise price of options (in £s) (i)	Weighted average contractual life in months of options outstanding at the end of the year	Exercisable at year end	Weighted average exercise price of options currently exerciseable at year end (in £)
a	10,180,239	1,140,351	1,654,483	381,217	9,284,890	3.15-4.69	3.96	27.00	-	-
c	2,202,888	-	1,027,212	-	1,271,116	3.52-4.83	4.28	52.00	1,271,116	4.28
d	1,470,500	-	164,499	13,000	1,402,501	4.40-5.26	4.83	83.00	702,751	4.40

(a) The Cadbury Schweppes Savings-Related Share Option Scheme 1982 for employees was approved by shareholders in May 1982. These options, granted by Cadbury Schweppes plc prior to 2 May 2008, are normally exercisable within a period not later than 6 months after the repayment date of the relevant, "Save-as-you-Earn" contracts which are for a term of 3, 5 or 7 years.

(b) The Cadbury plc 2008 Savings Related Share Option Scheme for employees was approved by shareholders in April 2008. These options are normally exercisable within a period not later than 6 months after the repayment date of the relevant, "Save-as-you-Earn" contracts which are for a term of 3, 5 or 7 years.

(c) The Cadbury Schweppes Share Option Plan 1994 for directors, senior executives and senior managers was approved by shareholders in May 1994. Options shown here were granted prior to 15 July 2004 and are normally exercisable within a period of 7 years commencing 3 years from the date of grant, subject to the satisfaction of certain performance criteria.

(d) The Cadbury Schweppes Share Option Plan 2004 for eligible executives (previously called the Cadbury Schweppes Share Option Plan 1994, as amended at the 2004 AGM). Options shown here were granted after 15 July 2004, and are normally exercisable within a period of 7 years commencing 3 years from the date of grant, of grant, subject to the satisfaction of certain performance criteria.

20 Partners' Capital

	Cadbury UK Limited	Trebor Bassett Limited	The Old Leo Company Ltd	Total
	£'000	£'000	£'000	£'000
At 1 January 2008	185,823	291,618	8,214	485,655
Loss for the year	(40,289)	(12,190)	(243)	(52,723)
Distribution of loss to the Partners	40,289	12,190	243	52,723
Credit to Equity for Share-Based Payments	(590)	(116)	(4)	(710)
Transferred to the Partners	(56,163)	(95,311)	(338)	(151,812)
At 31 December 2008	**129,070**	**196,191**	**7,872**	**333,133**

The Partners have transferred certain assets and liabilities to the Partnership in exchange for an interest in the Partnership.

21 Commitments for Capital Expenditure

	2008 £'000	2007 £'000
Commitments for capital expenditure are as follows:		
Contracted for but not provided in the financial statements	**4,316**	**3,470**

22 Commitments under Finance Leases

	2008 £'000	2007 £'000
Within one year	286	20,363
One to two years	252	285
Two to five years	498	614
More than five years	169	327
	1,205	**21,589**

23 Commitments under Operating Leases

During the next year, the Partnership is contracted to make payments under operating leases, which mature as follows:

	2008		2007	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiry Date:				
Within one year	-	648	5	661
Two to five years	323	2,340	248	2,061
More than five years	6,662	-	6,737	-
	6,985	**2,988**	**6,990**	**2,722**

24 Contingent Liabilities

Guarantees have been given to the Partnership's bankers totalling £3,140,000 (2007: £3,153,366).

25 Related Party Transactions

The Partnership has taken advantage of the exemption under the rules of Financial Reporting Standard No.8 – 'Related party disclosures' not to disclose related party transactions with other Cadbury plc Group companies as over 90% of the voting rights of the Partners are controlled by the ultimate parent company, Cadbury plc, and the consolidated financial statements of the ultimate parent company are publicly available.

26 Post Balance Sheet Events

On 10th August 2009 the Green & Blacks business was integrated into the Cadbury UK business. To effect this reorganisation the Partnership entities purchased the marketing and distribution and global brands business of Green & Blacks Limited from Cadbury Holdings Limited. The Partnership agreement was restated at this date to reflect this transaction.

27 Ultimate Parent Company

From 2 May 2008, the Company's controlling and ultimate parent undertaking is Cadbury plc which, following the scheme of arrangement effected on that date, has become the new parent company of the Cadbury group. Cadbury Schweppes plc has now been renamed Cadbury Holdings Limited and is a wholly owned subsidiary of Cadbury plc. Cadbury plc is a company registered in England and Wales. This is the largest and smallest Group of which this Company is a member for which Group financial statements are drawn up. Copies of the Group Financial Statements of Cadbury plc are available from Cadbury House, Uxbridge Business Park, Sanderson Road, Uxbridge, UB8 1DH.