Registered Number 155256

Cadbury UK Limited

Annual Report & Financial Statements

Year Ended 31 December 2009

Directors and advisors

Directors

T Bond

G Chick

R Doyle

D Harding-Smith

S Hosaki (resigned 18 June 2010)

D J Pogson

P J Rumbol (resigned 30 July 2010)

W Strickland

Secretary

Cadbury Nominees Limited

Registered office

P O Box 12

Bournville Lane

Bournville

Birmingham

B30 2LU

Auditors

Deloitte LLP

London

Report of the Directors

For the year ended 31 December 2009

The Directors present their report, together with the audited financial statements of Cadbury UK Limited (the 'Company'), for the year ended 31 December 2009 (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 Partnership aims to contribute towards achievement of the Group commitment to deliver superior shareholder value through delivery of the Vision into Action (VIA) plan which is set out in the financial performance scorecard below

- Organic revenue growth of 4% - 6% every year
- Total confectionery share gain
- Mid-teens trading margins by 2011
- Strong dividend growth
- An efficient balance sheet Growth in Return on Invested Capital (ROIC)

To achieve these financial goals, we have a growth and efficiency strategy which aligns behind our focus on fewer, faster, bigger and better This focus is being applied to all aspects of our business

During the year, the partnership aquired the trade and assets of Green and Blacks Limited for cash consideration of £51 4m

Growth

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 2009 was £1,308 million (2008 £1,166 million) which represents growth of 12% Performance was driven by a new product innovation, such as Bitesize and Wispa Gold, a strong Easter, continued growth of Wispa and Multipack promotions

Efficiency

Our goal is to drive cost and efficiency gains to help achieve a mid-teens underlying operating profit margin by 2011 In the UK, initiatives are continuing that will lead to supply chain efficiencies The most significant initiative is the planned closure of the Somerdale plant in 2010 and transfer of its chocolate production to Bournville and a new site in Poland During 2009 operating margins benefited from the commencement of production out of Poland

Report of the Directors (continued)

For the year ended 31 December 2009

Business review (continued)

In 2009 operating profit was £123 million, representing a operating margin of 9 5 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 in 2008 was £71 4 million and operating margin was 6 1% 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 £22 5 million (2008 £15 4 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

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, could cause delays in manufacturing and may 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 (continued)

For the year ended 31 December 2009

Outlook for 2010 and Future Prospects

Looking ahead to 2010, 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 the progression of initiatives in place to deliver savings should enable delivery of margin progression in 2010

Post Balance Sheet Events

On 7 September 2009 Kraft Foods, Inc ("Kraft") announced its intention to purchase the entire issued share capital of Cadbury plc, the Partnership's controlling and ultimate parent undertaking On 2 February 2010, Kraft Foods declared its recommended Final Offer wholly unconditional as to acceptances Cadbury plc was delisted from the London and New York Stock Exchanges on 8 March 2010

Following the acquisition by Kraft, the change of control may have an impact on the measurement criteria applied to certain of the Partnership's assets and liabilities, however there is no consequential impact on the financial statements for the year ended 31 December 2009 The impact on the financial statements in the year ending 31 December 2010 and beyond, if any, has not yet been determined

Results and dividends

The profit on ordinary activities for the financial year, after taxation, was £68,855,000 (2008 loss of £43,079,000)

During the year no dividend was paid (2008 £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 s418 of the Companies Act 2006

Following the acquisition of the Cadbury group of companies by Kraft Foods, Inc , Deloitte LLP will resign as auditor of the company

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 (resigned 18 June 2010)
D J Pogson
P J Rumbol (resigned 20 July 2010)
W Strickland

Report of the Directors (continued)

For the year ended 31 December 2009

Policy on Payment to Suppliers
The Company has no trade creditors, so the number of creditor days outstanding at both year ends 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

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 Cadbury plc uses forward foreign exchange markets to manage its exposures on a Group basis 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

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 (continued)

For the year ended 31 December 2009

Going Concern

As explained in Note 19 to the financial statements, the offer for the Group by Kraft Foods, Inc ("Kraft") became unconditional on 2 February 2010 Accordingly, the Partnership is now subject to the Kraft group treasury arrangements On the basis of the current committed facilities and the Partnership's financial projections, the Directors consider that the Partnership has adequate resources to continue in operational existence for the foreseeable future

The Directors have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the Partnership accounts

P O Box 12
Bournville Lane
Bournville
Birmingham
B30 2LU

By order of the Board,

D Harding-Smith
Finance Director

29 September 2010

Statement of Directors' Responsibilities

For the year ended 31 December 2009

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) Under company law the directors must not approve the financial statements unless they are satisfied that they 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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006 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 TO THE MEMBERS OF CADBURY UK LIMITED

We have audited the financial statements of Cadbury UK Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

William Touche (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK

29 September 2010

Profit and loss account

For the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover	3	73,378	82,909
Cost of Sales	4	(73,378)	(82,909)
Gross Profit		-	-
Net operating expenses		-	-
Operating profit		-	-
Share of profits/(losses) in partnership	1b	103,309	(34,091)
Profit/(loss) on ordinary activities before interest and taxation		103,309	(34,091)
Share of interest receivable and similar income	8	1,352	2,167
Share of interest payable and similar charges	9	(6,462)	(8,365)
Profit/(loss) on ordinary activities before taxation		98,199	(40,289)
Taxation on profit/(loss) on ordinary activities	10	(29,344)	(2,790)
Profit/(loss) for the financial year	18	68,855	(43,079)

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

Balance sheet

As at 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments	11a	238,058	160,119
		238,058	160,119
Current assets			
Debtors	12	44,290	52,919
		44,290	52,919
Current liabilities			
Creditors amounts falling due within one year	13	(75,028)	(64,550)
Net current liabilities		(30,738)	(11,631)
Total assets less current liabilities		207,320	148,488
Provisions for liabilities	14	(3,654)	(17,640)
Net assets		203,666	130,848
Capital and Reserves			
Called up share capital	16	49,675	49,675
Capital reserve	17	9,301	9,378
Profit and loss account	17	144,690	71,795
Shareholders' funds	17	203,666	130,848

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 29 September 2010

Signed on behalf of the Board

D Harding-Smith
Finance Director

29 September 2010

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

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 2008, Cadbury Limited changed its name to Cadbury UK Limited On 23 June 2009, 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, which are not part of these 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

a) 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

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

e) Taxation (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 behavioural 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

As permitted by the Companies Act 2006 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 2009 The Company is therefore exempt from the requirements to prepare group accounts under Section 400 of the Companies Act 2006 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 2009

The profit and loss account covers the periods from 1 January 2009 to 31 December 2009 (2009) and 1 January 2008 to 31 December 2008 (2008) The balance sheets for 2009 and 2008 have been drawn up at 31 December 2009 and 31 December 2008 respectively

Notes to the Financial Statements (continued)

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

	2009 £'000	2008 £'000
Cost of sales	73,378	82,909

Cost of sales includes £2,355,000 (2008 £6,659,000) in respect of the cost of business reconfiguration and rationalisation In 2008 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 (2008 £5,000) was borne by the Cadbury UK Partnership in both years There were no non-audit fees payable to the auditors in either year

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 £27,677,000 (2008 £27,671,000), 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 £504m, of which £267m related to UK pension obligations At 1 January 2009, the Group defined benefit pension schemes, under IAS 19 had a deficit of £258m, of which a £2m surplus related to UK pension obligations

Notes to the Financial Statements (continued)

5. Pension Arrangements (continued)

2009	Rate of Return (%)	Market Value (£m)
Equities	8 5	858
Bonds	4 9	468
Property	7 5	91
Insurance Contracts	5 7	407
Other	4 5	47
		1,871
Present value of scheme liabilities		(2,138)
Deficit in the scheme		(267)

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

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

	% 2009	% 2008
Rate of increase in salaries	4 5	3 65
Rate of increase in pensions in payment	3 3	2 8
Rate of increase for deferred pensioners	3 5	2 65
Discount rate for scheme liabilities	5 7	6 1
Inflation	3 5	2 65

Further details of the latest actuarial valuation can be found in the Report & Accounts of Cadbury plc, which do not form part of these financial statements

Notes to the Financial Statements (continued)

6. Directors' emoluments

	2009 £'000	2008 £'000
Emoluments paid or receivable for qualifying services	3,622	3,488

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 (one in 2008) 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 £1,040,000 (£946,368 in 2008) in respect of services provided for the year At the year-end, the accrued pension under the Company's defined benefit scheme for the highest paid director was £2,036,000 (£1,658,016 in 2008)

During the year four directors (five in 2008) received or were due shares under long-term incentive schemes

During the year eight directors (eight in 2008) were members of a Cadbury plc defined benefit pension scheme

During the year four directors (one in 2008) exercised options over shares in the Company's parent, Cadbury plc

7. Employees

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

	2009	2008
Production	1,536	1,868
Distribution, selling and marketing	-	-
Administration	-	-
	1,536	1,868

Employee emoluments comprised

	2009 £'000	2008 £'000
Wages and salaries	59,305	72,077
Social Security Costs	4,863	5,218
Other pension costs	9,209	5,615
	73,378	82,910

Notes to the Financial Statements (continued)

7 Employees (continued)

Employment costs in 2009 include £0 9m (2008 £5 3m) additional pension funding relating to continuing employees In 2008 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 2009 also include £2 4m (2008 £6 7m) of redundancy costs

8. Share of Interest receivable and similar income

	2009 £'000	2008 £'000
Interest receivable on external loans and deposits	27	130
Interest receivable on inter-company loans and deposits	1,325	2,037
	1,352	2,167

9. Share of Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable on overdrafts and bank loans	65	147
Finance Leases	162	269
Interest payable on inter-company loans	4,893	5,827
Unwind of discount	1,342	2,122
	6,462	8,365

10. Taxation on profit/(loss) on ordinary activities

The tax charge comprises

	2009 £'000	2008 £'000
UK corporation tax		
Current year	34,966	22,297
Prior year	(843)	(505)
Double tax relief	1,824	(737)
Overseas tax	(1,824)	737
Total current tax charge	34,122	21,792
Deferred taxation		
Current year	(5,696)	(19,359)
Prior year	918	357
	(4,778)	(19,002)
Charge for the year	29,344	2,790

Notes to the Financial Statements (continued)

10 Taxation on profit/(loss) on ordinary activities (continued)

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

	2009 £'000	2008 £'000
Profit/(loss) on ordinary activities before taxation	98,199	(40,289)
UK corporation tax @ 28% (2008 28 5%)	27,496	(11,482)
Effects of		
Depreciation less capital allowances	9,078	21,134
Short-term timing differences	(3,400)	(4,113)
Adjustment to tax charge in respect of previous periods	(843)	(505)
Permanent differences	1,792	16,758
Total current tax charge	34,122	21,792

11. Investments

a)

	Subsidiary Undertakings £'000	Partnership £'000	Total £'000
Cost and net book value			
At beginning of the year	31,049	129,070	160,119
Additions	-	77,939	77,939
At end of the year	31,049	207,009	238,058

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

	Principal activity	Country of incorporation	Proportion of ordinary issued capital held
Cadbury International Limited	Provision of procurement functions	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

12. Debtors

	2009 £'000	2008 £'000
Amounts owed by the Partnership	44,290	52,919

Notes to the Fınancıal Statements (contınued)

13. Creditors amounts fallıng due wıthın one year

	2009 £'000	2008 £'000
Amounts owed to fellow subsıdıary undertakıngs	31,049	31,049
Other taxes & socıal securıty costs	2,577	2,832
UK Corporatıon tax	26,627	16,726
Accruals and deferred ıncome	14,775	13,943
	75,028	64,550

Amounts owed to fellow subsıdıary undertakıngs are non-ınterest bearıng

14 Provısıons for lıabılıtıes

	Reconfıguratıon provısıon £'000	Deferred taxatıon £'000	Total £'000
At begınnıng of the year	36,145	(18,505)	17,640
Charged durıng the year	2,144	(5,696)	(3,552)
Utılısed durıng the year	(11,352)	918	(10,434)
At end of the year	26,937	(23,283)	3,654

The reconfıguratıon provısıon ıs to cover redundancy costs arısıng from the Group's cost reductıon programme Of thıs provısıon, £8 4m (2008 £10 4m) ıs due after more than 1 year

A deferred tax lıabılıty has been recorded relatıng to accelerated capıtal allowances ("ACAs") and a deferred tax asset has been recorded relatıng to short-term tımıng dıfferences on provısıons The movement ın the year ıs as follows

	2009 ACAs £'000	2009 Short term tımıng dıfferences £'000	2009 Total £'000	2008 Total £'000
At begınnıng of the year	(10,743)	(7,762)	(18,505)	498
Profıt and loss account	(8,158)	3,380	(4,778)	(19,003)
At end of the year	(18,901)	(4,382)	(23,283)	(18,505)

The company has unrecognısed deferred taxatıon lıabılıtıes on property revaluatıons as follows

	2009 £'000	2008 £'000
Not provıded ın fınancıal statements		
Propertıes	537	537

Thıs lıabılıty ıs not provıded as there ıs currently no ıntentıon to dıspose of the revalued propertıes

Notes to the Fınancıal Statements (contınued)

15 Share-based Payments

Certaın employees of the Partnershıp receıved share awards whıch were settled usıng the equıty of the ultımate parent company, Cadbury plc The Partnershıp recognısed total expenses of £4 8m (2008 £2 1m) related to these equıty-settled share-based payment transactıons durıng the year

The Group had a number of share optıon plans that are avaılable to Board members and certaın senıor executıves the Long Term Incentıve Plan (LTIP), the Bonus Share Retentıon Plan (BSRP) and the Dıscretıonary Share Optıon Plans (DSOP) Cadbury plc also had a UK share optıon scheme for all employees of the Partnershıp Optıons are normally forfeıted ıf the employee leaves the Group before the optıons vest The Group had an Internatıonal Share Award Plan (ISAP) whıch ıs used to replace share based awards that new employees have forfeıted on leavıng theır prevıous employer and to reward exceptıonal performance amongst employees

An expense was recognısed for the faır value at the date of grant of the estımated number of shares that wıll be awarded to settle the optıons over the vestıng perıod of each scheme The faır value ıs measured usıng the valuatıon technıque that ıs consıdered to be the most approprıate to value each class of award these ınclude Bınomıal models and Black-Scholes calculatıons These valuatıons take ınto account factors such as non-transferabılıty, exercıse restrıctıons and behavıoural consıderatıons Key faır value and other assumptıons are detaıled below

Schemes granted ın 2009	ISAP	Sharesave
Expected volatılıty	n/a	32-34%
Expected lıfe	1–4 yrs	Vestıng + 5 months
Rısk free rate	0 6-2 5%	1 5-2 7%
Expected dıvıdend yıeld	2 2-3 4%	2 1-2 3%
Faır value per optıon (% of share prıce at date of grant)	85 9-97 8%	39 1-46 1%
Possıbılıty of ceasıng employment before vestıng	-	4-10%
Expectatıon of meetıng performance crıterıa	100%	n/a

Schemes granted ın 2008	BSRP	ISAP	Sharesave
Expected volatılıty	n/a	n/a	0 2
Expected lıfe	3 yrs	1–3 yrs	Vestıng + 5 months
Rısk free rate	2 20%	2 7%–5 1%	4 0%–4 9%
Expected dıvıdend yıeld	3 30%	2 6%–3 3%	2 4%–2 8%
Faır value per optıon (% of share prıce at date of grant)	179 20%	89 9–99 1%	19 8%–28 4%
Possıbılıty of ceasıng employment before vestıng	-	-	10%–49%
Expectatıon of meetıng performance crıterıa	70%	100%	n/a

Expected volatılıty was determıned by calculatıng the hıstorıcal volatılıty of the Group's share prıce over the prevıous three years The expected lıfe used ın the model has been adjusted, based on management's best estımate, for the effects of non-transferabılıty, exercıse restrıctıons and behavıoural consıderatıons

Notes to the Financial Statements (continued)

15. Share-based Payments (continued)

The BSRP resulted in a charge of £1 3m in 2009 (2008 £0 7m) DSOP and share save plans resulted in a charge of £3 5m in 2009 (2008 £1 4m)

2009. 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	6,411,487	-	1 285 057	291,788	4,834,642	3 51-5 22	4 69	23 03	-	-
b	1,115 618	1 339,011	2,890	163 952	2 287,787	4 62-5 05	4 80	50 86	-	-
c	665,303	-	462 240	-	203,063	3 69-5 38	4 66	32 47	203,063	4 66
d	987 128	-	583,694	95,821	307,613	4 90-6 34	5 44	59 96	307,613	5 44

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 outstandin g 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

Notes to the Financial Statements (continued)

15. Share-based Payments (continued)

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

(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

16. Called up share capital

	2009 £'000	2008 £'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

Notes to the Financial Statements (continued)

17. Reconciliation of movements in shareholders' funds and movement on reserves

	Called-up Share capital £'000	Capital reserve £'000	Profit and loss account £'000	2009 Total £'000	2008 Total £'000
At beginning of the year	49,675	9,378	71,795	130,848	174,517
Profit/(loss) for the year	-	-	68,855	68,855	(43,079)
Credit/(debit) to equity for share-based payment	-	-	3,980	3,980	(590)
Transfer between reserves	-	(77)	60	(17)	-
At end of the year	49,675	9,301	144,690	203,666	130,848

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 debit to equity for share-based payments in line with Financial Reporting Standard No 20 – 'Share-based Payments'

18 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 controlled by the ultimate parent company, Cadbury plc, and the consolidated financial statements of the ultimate parent company are publicly available

19 Post Balance Sheet Events

On 7 September 2009 Kraft Foods, Inc ("Kraft") announced its intention to purchase the entire issued share capital of Cadbury plc, the Partnership's controlling and ultimate parent undertaking Cadbury plc was delisted from the London and New York Stock Exchanges on 8 March 2010

Following the acquisition by Kraft, the change of control may have an impact on the measurement criteria applied to certain of the Partnership's assets and liabilities, however there is no consequential impact on the financial statements for the year ended 31 December 2009 The impact on the financial statements in the year ending 31 December 2010 and beyond, if any, has not yet been determined

20. Ultimate Parent Company

During 2009 the Company's controlling and ultimate parent undertaking was Cadbury plc Cadbury plc is a company registered in England and Wales Cadbury plc is also the largest and the smallest group in which the results of the Company are consolidated for the year ended 31 December 2009 Copies of the Group Financial Statements of Cadbury plc are available from Cadbury House, Uxbridge Business Park, Sanderson Road, Uxbridge, UB8 1DH Following the change of control explained in Note 19, the Company's ultimate parent undertaking is Kraft Foods, Inc

Cadbury UK

Annual Report & Financial Statements

For the year ended 31 December 2009

Report to 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 (resigned 18 June 2010)
D J Pogson
P J Rumbol (resigned 20 July 2010)
W Strickland

Secretary

Cadbury Nominees Limited

Principal Office

Cadbury House
Sanderson Road
Uxbridge
Middlesex
UB8 1DH

Auditors

Deloitte LLP
London

CADBURY UK

Report of the Management Committee

For the year ended 31 December 2009

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 2009 ("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 2008, 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 Partnership aims to contribute towards achievement of the Group commitment to deliver superior shareholder value through delivery of the Vision into Action (VIA) plan which is set out in the financial performance scorecard below

- Organic revenue growth of 4% - 6% every year
- Total confectionery share gain
- Mid-teens trading margins by 2011
- Strong dividend growth
- An efficient balance sheet Growth in Return on Invested Capital (ROIC)

To achieve these financial goals, we have a growth and efficiency strategy which aligns behind our focus on fewer, faster, bigger and better This focus is being applied to all aspects of our business

During the year the partnership acquired the trade and assets of Green and Blacks Limited for cash consideration of £51 4m

Growth
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 2009 was £1,308 million (2008 £1,166 million) which represents growth of 12% Performance was driven by a new product innovation, such as Bitesize and Wispa Gold, a strong Easter, continued growth of Wispa and Multipack promotions

Efficiency
Our goal is to drive cost and efficiency gains to help achieve a mid-teens underlying operating profit margin by 2011 In the UK, initiatives are continuing that will lead to supply chain efficiencies The most significant initiative is the planned closure of the Somerdale plant in 2010 and transfer of its chocolate production to Bournville and a new site in Poland During 2009 operating margins benefited from the commencement of production out of Poland

Report of the Management Committee (continued)

For the year ended 31 December 2009

Business review (continued)

Efficiency (continued)

In 2009 operating profit was £123 million, representing a operating margin of 9 5% 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 in 2008 was £71 4 million and operating margin was 6 1% 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 £22 5 million (2008 £15 4 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

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, could cause delays in manufacturing and may 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)

For the year ended 31 December 2009

Outlook for 2010 and Future Prospects
Looking ahead to 2010, 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 the progression of initiatives in place to deliver savings should enable delivery of margin progression in 2010

Post Balance Sheet Events
On 7 September 2009 Kraft Foods, Inc ("Kraft") announced its intention to purchase the entire issued share capital of Cadbury plc, the Partnership's controlling and ultimate parent undertaking On 2 February 2010, Kraft Foods declared its recommended Final Offer wholly unconditional as to acceptances Cadbury plc was delisted from the London and New York Stock Exchanges on 8 March 2010

Following the acquisition by Kraft, the change of control may have an impact on the measurement criteria applied to certain of the Partnership's assets and liabilities, however there is no consequential impact on the financial statements for the year ended 31 December 2009 The impact on the financial statements in the year ending 31 December 2010 and beyond, if any, has not yet been determined

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

Results and dividends
The profit on ordinary activities for the financial year after taxation was £118,399,000 (2008 loss of £52,723,000)

The profit of £118,399,000 has been added to the partners capital (2008 loss of £52,723,000 absorbed by 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 Company's auditors are unaware, and

(2) the member of the Management Committee has taken all the steps that he/she ought to have taken as a member of the Management Committee 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

Following the acquisition of the Cadbury group of companies by Kraft Foods, Inc , Deloitte LLP will resign as auditor of the company

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)

For the year ended 31 December 2009

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 Cadbury plc uses forward foreign exchange markets to manage its exposures on a Group basis 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

Charitable and Political Contributions

During the year, the Partnership made charitable contributions of £665,000 (2008 £573,000) The Partnership made no political contributions during the year (2008 £nil)

Report of the Management Committee (continued)
For the year ended 31 December 2009

Going Concern
As explained in Note 26 to the financial statements, the offer for the Group by Kraft Foods, Inc ("Kraft") became unconditional on 2 February 2010 Accordingly, the Partnership is now subject to the Kraft group treasury arrangements On the basis of the current committed facilities and the Partnership's financial projections, the management committee consider that the Partnership has adequate resources to continue in operational existence for the foreseeable future

The management committee have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the Partnership accounts

Principal Office
Cadbury House
Sanderson Road
Uxbridge
Middlesex
UB8 1DH

By order of the Management Committee,

David Harding-Smith
Member of the Management Committee
29 September 2010

Statement of Management Committees' Responsibilities in Relation to Financial Statements

For the year ended 31 December 2009

The Management Committee is required by the Partnership and Unlimited Companies (Accounts) Regulations 1993 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 2006 ("the Act") which would have applied if the financial statements were statutory financial statements

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 TO THE MEMBERS OF CADBURY UK

We have audited the financial statements of Cadbury UK for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 27 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the members of the partnership, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applicable to qualifying partnerships Our audit work has been undertaken so that we might state to the members of the partnership 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 members of the partnership as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Management Committee and auditors

As explained more fully in the statement of management committee's Responsibilities, the management committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the management committee, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the partnership's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report to the management committee for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

William Touche (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK
29 September 2010

Profit and loss account

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Turnover	3	1,307,893	1,166,286
Cost of Sales		(843,069)	(769,564)
Gross Profit		464,824	396,722
Net operating expenses	4	(341,824)	(325,686)
Operating profit		123,000	71,036
Profit/(loss) on disposal of fixed assets	7	1,243	(112,035)
Profit/(loss) before interest		124,243	(40,999)
Interest receivable and similar income	5	1,926	2,606
Interest payable and similar charges	6	(7,770)	(14,330)
Profit/(loss) available for distribution	7	118,399	(52,723)

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

Balance sheet

As at 31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Intangible fixed assets	12	95,125	66,843
Tangible fixed assets	13	277,000	276,872
		372,125	343,715
Current assets			
Stocks	14	178,667	154,290
Debtors	15	185,826	144,899
Cash at bank and in hand		11,356	4,914
		375,850	304,103
Creditors amounts falling due within one year	16	(277,844)	(260,809)
Net current assets		98,006	43,294
Total assets less current liabilities		470,131	387,009
Creditors amounts falling due after one year	17	(848)	(1,014)
Provisions for liabilities	18	(52,149)	(52,862)
Net assets		417,134	333,133
Capital and reserves			
Partner's capital	20	417,134	333,133
Partnership funds		417,134	333,133

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 29 September 2010

Signed on behalf of the Partnership

D Harding-Smith
Member of the Management Committee

29 September 2010

Notes to the Financial Statements
As at 31 December 2009

1. Accounting policies

The principal accounting policies are summarised below They have been applied consistently throughout the year and the preceding 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 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 2008, 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 Cadbury UK

These financial statements should be read in conjunction with the financial statements of the Partners, which do not form part of these financial statements

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

Notes to the Fınancıal Statements (contınued)

As at 31 December 2009

1 Accounting polıcıes (contınued)

g) Tangıble Fıxed Assets

Tangıble fıxed assets are stated at cost, net of depreciatıon and any provısıon for ımpaırment Depreciatıon ıs charged (excludıng freehold land and assets ın course of construction) so as to wrıte off the cost of assets to theır resıdual value, over theır expected useful lives usıng the straıght-lıne method The prıncıpal rates are as follows

Freehold land and buıldıngs	2 5%
Plant and Machınery	
Plant and machınery	7%-10%
Office equıpment	10%-20%
Computer hardware and software	12 5%-33%
Land ıs not depreciated	

Assets ın the course of construction are not depreciated untıl they are avaılable for use An asset ıs consıdered to be avaılable for use when ıt ıs ın the location and condıtıon necessary for ıt to be capable of operatıng ın the manner ıntended by management Once constructed and ready for use assets are transferred from assets ın the course of constructıon to the appropnate asset category

h) Fıxed Assets Held under Leases

Where assets are financed by leasıng arrangements that gıve nghts approxımatıng to ownershıp ('fınance leases'), the assets are treated as ıf they had been purchased outnght and the correspondıng lıabılıty to the leasıng company ıs ıncluded as oblıgatıons under fınance leases Depreciatıon on leased assets ıs charged to the profıt and loss account on the same basıs as shown above Leasıng payments are treated as consıstıng of capıtal and ınterest elements, and the ınterest ıs charged to the profıt and loss account

All other leases are 'operatıng leases' and the relevant annual rentals are charged wholly to the profıt and loss account ın the year ın which they are ıncurred, even ıf payments are not made on such a basıs

ı) Stocks and Work ın Progress

Stocks and work ın progress are valued at the lower of cost and estımated net realısable value Cost ıs purchase prıce, or productıon cost ın the case of the products manufactured by the Partnershıp Productıon cost consısts of dırect materıal and labour costs together wıth a reasonable proportıon of factory overheads, ıncludıng depreciatıon, on the basıs of normal levels of actıvıty Provısıon ıs made for obsolete, slow movıng or defectıve ıtems where appropnate

ȷ) Cash flow statement

In accordance wıth the provısıon of Fınancıal Reportıng Standard No 1, the Partnershıp has not prepared a cash flow statement because ıts ultımate parent company, Cadbury plc, whıch ıs ıncorporated ın Great Brıtaın and regıstered ın England and Wales, has prepared consolıdated fınancıal statements whıch ınclude the fınancıal statements of the Company for the perıod and whıch are publıcly avaılable

Notes to the Financial Statements (continued)
As at 31 December 2009

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, Black-Scholes calculations and Monte Carlo simulations The valuations take into account factors such as non-transferability, exercise restrictions and behavioural 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 (continued)

As at 31 December 2009

2. Annual Financial Statements

The annual financial statements were drawn up on a calendar year basis to 31 December 2009

The profit and loss account covers the periods from 1 January 2009 to 31 December 2009 (2009) and 1 January 2008 to 31 December 2008 (2008) The balance sheets for 2009 and 2008 have been drawn up at 31 December 2009 and 31 December 2008 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

	2009 £'000	2008 £'000
Distribution costs, including marketing	188,101	182,338
Administrative expenses	153,723	143,348
	341,824	325,686

Administrative expenses above include £22,487,000 (2008 £15,391,000) 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

	2009 £'000	2008 £'000
Interest receivable on external loans and deposits	334	157
Interest receivable on inter-company loans	1,592	2,449
	1,926	2,606

Notes to the Financial Statements (continued)

As at 31 December 2009

6 Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable on overdrafts and bank loans	77	176
Finance lease interest	195	324
Unwind of provision discount	1,614	2,552
Interest payable on inter-company loans	5,884	11,278
	7,770	14,330

7. Profit available for distribution

Profit available for distribution is stated after charging

	2009 £'000	2008 £'000
Depreciation on owned assets	38,774	33,991
Depreciation on assets held under finance leases	5,428	8,744
Amortisation of goodwill	5,709	4,001
Amortisation of intellectual property	209	207
Operating lease rentals - plant & machinery	4,073	4,332
Operating lease rentals - other	7,283	6,985
(Profit)/Loss on disposal of fixed assets	(1,243)	112,035
Research and development expenditure	-	76
Fees payable to the company's auditor		
- fees payable for the audit of the partnership's annual accounts	336	402

Total profit on disposal below operating profit largely relates to a net gain of £1 5 million from a pension curtailment gain arising from the disposal of the Monkhill business In 2008, the total loss on disposal below operating profit relates to a net loss of £112 0 million from the disposal of the Monkhill 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 £27,677,000 (2008 £27,671,000), 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

Notes to the Financial Statements (continued)

As at 31 December 2009

8. Pension Arrangements (continued)

At the year end, under IAS 19, the Group combined defined benefit pension schemes had a deficit of £504m, of which £267m related to UK pension obligations At 1 January 2009, the Group defined benefit pension schemes, under IAS 19 had a combined deficit of £258m, of which a £2m surplus related to UK pension obligations

	Rate of Return (%)	Market Value (£m)
2009		
Equities	8 5	858
Bonds	4 9	468
Property	7 5	91
Insurance Contracts	5 7	407
Other	4 5	47
		1,871
Present value of scheme liabilities		(2,138)
Deficit in the scheme		(267)

	Rate of Return (%)	Market Value (£m)
2008		
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

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

	2009 %	2008 %
Rate of increase in salaries	4 5	3 65
Rate of increase in pensions in payment	3 3	2 8
Rate of increase for deferred pensioners	3 5	2 65
Discount rate for scheme liabilities	5 7	6 1
Inflation	3 5	2 65

Further details of the latest actuarial valuation can be found in the Report & Accounts of Cadbury plc, which do not form part of these financial statements

Notes to the Financial Statements (continued)

As at 31 December 2009

9. Employees

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

	2009 £'000	2008 £'000
Production	2,761	2,977
Distribution, selling and marketing	1,076	1,063
Administration	543	492
	4,379	4,532

Employee emoluments comprised

	2009 £'000	2008 £'000
Wages and salaries	166,367	188,849
Social Security Costs	15,911	14,341
Other pension costs	27,677	27,671
	209,955	230,861

Employment costs in 2009 include £1 9m (2008 £11 3m) additional pension funding relating to continuing employees In 2008 a 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 2009 also include £3 2m (2008 £8 4m) of 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 (continued)

As at 31 December 2009

11. Distribution to Partners

	2009 £'000	2008 £'000
Distribution of profit /(loss) before interest to the Partners		
Cadbury UK Limited	103,308	(34,091)
Trebor Bassett Limited	20,314	(6,703)
The Old Leo Company Limited	621	(205)
	124,243	(40,999)
Distribution of net interest expense available for distribution to the Partners		
Cadbury UK Limited	(5,107)	(6,198)
Trebor Bassett Limited	(705)	(5,488)
The Old Leo Company Limited	(32)	(38)
	(5,844)	(11,724)
	118,399	(52,723)

The profit before interest and net interest expense of the Partnership has been distributed to the partners

12 Intangible Fixed Assets – Goodwill and Intellectual Property

	Goodwill £'000	Intellectual property £'000	Total £'000
Cost			
At 1 January 2009	87,835	4,173	92,008
Additions	34,200	-	34,200
Disposals	-	-	-
At 31 December 2009	122,035	4,173	126,208
Accumulated Amortisation			
At 1 January 2009	(24,696)	(469)	(25,165)
Charge for the year	(5,709)	(209)	(5,918)
Disposals	-	-	-
At 31 December 2009	(30,405)	(678)	(31,083)
Net Book Value			
At 31 December 2009	91,630	3,495	95,125
At 1 January 2009	63,139	3,704	66,843

Notes to the Financial Statements (continued)

As at 31 December 2009

12 Intangible Fixed Assets – Goodwill and Intellectual Property (continued)

Acquisitions:

On 6th August 2009 the partnership acquired the trade and assets of Green and Blacks Limited for cash consideration of £51 4m Assets and liabilities with a book value of £17 2m were acquired Goodwill of £34 2m arose on the purchase of the trade of the business

The following table sets out the book values of the identifiable assets and liabilities acquired by the partnership Following a fair value exercise, no differences were noted between book value and fair value

	Total
	£'000
Current assets	
Stock	9,076
Debtors	13,259
Cash	2,272
Total assets	24,607
Creditors	
Trade creditors	(5,359)
Accruals	(2,084)
Total liabilities	(7,443)
Net assets	17,164
Goodwill	34,200
Total satisfied by cash consideration	51,364

Notes to the Financial Statements (continued)
As at 31 December 2009

13. Tangible Fixed Assets

	Freehold land & buildings £'000	Plant, machinery & equipment £'000	Assets in course of construction £'000	Total £'000
Cost or Valuation				
At 1 January 2009	98,909	673,157	33,781	805,847
Additions	358	23,377	22,306	46,041
Transfers to Group companies	-	(1,091)	-	(1,091)
Disposals	(107)	(7,832)	-	(7,939)
At 31 December 2009	98,802	687,611	56,087	842,858
At professional valuation	84,739	-	-	84,739
At cost	14,170	687,611	56,087	758,868
	98,909	687,611	56,087	842,607
Accumulated Depreciation				
At 1 January 2009	(18,452)	(510,523)	-	(528,975)
Charge for the year	(2,934)	(41,268)	-	(44,202)
Transfers to Group companies	-	838	-	838
Disposals	63	6,418	-	6,481
At 31 December 2009	(21,323)	(544,535)	-	(565,858)
Net Book Value				
At 31 December 2009	77,479	143,076	56,087	277,000
At 1 January 2009	80,457	162,634	33,781	276,872

Freehold land and buildings include land of £14,170,000 (2008 £14,170,000), which has not been depreciated

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

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 these 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

	2009 £'000	2008 £'000
Land and buildings at cost	59,228	59,228
Accumulated depreciation at 1 January 2009	(21,810)	(20,626)
Charge for the year	(1,184)	(1,184)
	36,234	37,418

Notes to the Financial Statements (continued)

As at 31 December 2009

13 Tangible Fixed Assets (continued)

Finance Leases

Included in fixed assets are

	2009 £'000	2008 £'000
Plant and machinery under finance leases	205,804	206,301
Less accumulated depreciation	(194,584)	(189,215)
	11,220	17,086

14. Stocks

	2009 £'000	2008 £'000
Raw materials and consumables	27,935	17,363
Work in progress	27,084	27,378
Finished goods and goods for resale	123,648	109,549
	178,667	154,290

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

15 Debtors

	2009 £'000	2008 £'000
Trade debtors	125,360	129,566
Amounts owed by fellow subsidiary undertakings	46,821	-
Other debtors	3,055	3,652
Prepayments and accrued income	10,590	11,681
	185,826	144,899

Within amounts owed by fellow subsidiary undertakings is £20 million (2008 £nil million) which bears interest at market rates with the remaining balance being non interest bearing

Notes to the Fınancıal Statements (contınued)
As at 31 December 2009

16. Credıtors· amounts fallıng due wıthın one year

	2009 £'000	2008 £'000
Current oblıgatıon under fınance leases	252	286
Trade credıtors	88,867	76,083
Amounts owed to Cadbury plc	4,425	2,937
Amounts owed to fellow subsıdıary undertakıngs	-	8,915
Other taxes and socıal securıty costs	31,127	33,067
Other credıtors	131,749	119,304
Accruals and deferred ıncome	21,424	20,217
	277,844	260,809

Wıthın amounts owed to fellow subsıdıary undertakıngs ıs £nıl mıllıon (2008 £29 1 mıllıon) whıch bears ınterest at market rates wıth the remaınıng balance beıng non ınterest bearıng

Amounts owed to Cadbury plc are non-ınterest bearıng

17. Credıtors. amounts fallıng due after more than one year

	2009 £'000	2008 £'000
Oblıgatıons under fınance leases	760	919
Government grants	88	95
	848	1,014

18 Provısıons for lıabılıtıes

	Pensıon provısıon £'000	Reconfıguratıon provısıon £'000	Other provısıon £'000	Total £'000
At 1 January 2009	-	52,427	435	52,862
Charged durıng the year	25,788	22,487	(357)	47,918
Unwındıng of dıscount	-	(1,615)	-	(1,615)
Utılısed durıng the year	(25,788)	(21,150)	(78)	(47,016)
At 31 December 2009	-	52,149	-	52,149

The reconfıguratıon provısıon ıncludes a provısıon of £28,703,000 (2008 £37,223,000) for redundancy costs Of thıs, £20,582,000 (2008 £14,122,000) ıs due after more than one year

Notes to the Financial Statements (continued)

As at 31 December 2009

19. Share-based Payments

Certain employees of the Partnership received share awards which were settled using the equity of the ultimate parent company, Cadbury plc The Partnership recognised total expenses of £4 8m (2008 £2 1m) related to these equity-settled share-based payment transactions during the year

The Group had a number of share option plans that are available to Board members and certain senior executives the Long Term Incentive Plan (LTIP), the Bonus Share Retention Plan (BSRP) and the Discretionary Share Option Plans (DSOP) Cadbury plc also had a UK share option scheme for all employees of the Partnership Options are normally forfeited if the employee leaves the Group before the options vest The Group had an International Share Award Plan (ISAP) which is used to replace share based awards that new employees have forfeited on leaving their previous employer and to reward exceptional performance amongst employees

An expense was 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 2009	**ISAP**	**Sharesave**
Expected volatility	n/a	32-34%
Expected life	1–4 yrs	Vesting + 5 months
Risk free rate	0 6-2 5%	1 5-2 7%
Expected dividend yield	2 2-3 4%	2 1-2 3%
Fair value per option (% of share price at date of grant)	85 9-97 8%	39 1-46 1%
Possibility of ceasing employment before vesting	-	4-10%
Expectation of meeting performance criteria	100%	n/a

Schemes granted in 2008	**BSRP**	**ISAP**	**Sharesave**
Expected volatility	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)	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

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

The BSRP resulted in a charge of £1 3m in 2009 (2008 £0 7m) DSOP and share save plans resulted in a charge of £3 5m in 2009 (2008 £1 4m)

Notes to the Financial Statements (continued)

As at 31 December 2009

19 Share-based Payments (continued)

2009 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	6,411,487	-	1 285 057	291,788	4,834,642	3 51-5 22	4 69	23 03	-	-
b	1 115 618	1 339,011	2,890	163,952	2,287 787	4 62-5 05	4 80	50 86	-	-
c	665,303	-	462,240	-	203,063	3 69 5 38	4 66	32 47	203,063	4 66
d	987,128	-	583,694	95,821	307,613	4 90-6 34	5 44	59 96	307,613	5 44

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 contractual 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 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	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

Notes to the Financial Statements (continued)
As at 31 December 2009

19. Share-based Payments (continued)

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

(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

Notes to the Financial Statements (continued)
As at 31 December 2009

20. Partners' Capital

	Cadbury UK Limited £'000	Trebor Bassett Limited £'000	The Old Leo Company Ltd £'000	Total £'000
At 1 January 2009	129,070	196,191	7,872	333,133
Profit for the year	98,201	19,609	589	118,399
Taxation on profit on ordinary activities	(29,344)	(5,771)	(176)	(35,291)
Credit to equity for share-based payments	3,979	779	25	4,784
Movement in assets transferred to (from) Partners	5,103	(9,026)	33	(3,890)
At 31 December 2009	207,009	201,782	8,343	417,134

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

21. Commitments for Capital Expenditure

Commitments for capital expenditure are as follows

	2009 £'000	2008 £'000
Contracted for but not provided in the financial statements	2,656	4,316

22. Commitments under Finance Leases

	2009 £'000	2008 £'000
Within one year	252	286
One to two years	197	252
Two to five years	419	498
More than five years	144	169
	1,012	1,205

Notes to the Financial Statements (continued)

As at 31 December 2009

23. Commitments under Operating Leases

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

	2009 Land and Buildings £'000	2009 Other £'000	2008 Land and Buildings £'000	2008 Other £'000
Expiry Date				
Within one year	-	1,003	-	648
Two to five years	268	1,618	323	2,340
More than five years	7,015	-	6,662	-
	7,283	2,621	6,985	2,988

24 Contingent Liabilities

Guarantees have been given to the Partnership's bankers totalling £3,076,000 (2008 £3,140,000)

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 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 7 September 2009 Kraft Foods, Inc ("Kraft") announced its intention to purchase the entire issued share capital of Cadbury plc, the Partnership's controlling and ultimate parent undertaking On 2 February 2010, Kraft Foods declared its recommended Final Offer wholly unconditional as to acceptances Cadbury plc was delisted from the London and New York Stock Exchanges on 8 March 2010

Following the acquisition by Kraft, the change of control may have an impact on the measurement criteria applied to certain of the Partnership's assets and liabilities, however there is no consequential impact on the financial statements for the year ended 31 December 2009 The impact on the financial statements in the year ending 31 December 2010 and beyond, if any, has not yet been determined

27. Ultimate Parent Company

During 2009 the Partnership's controlling and ultimate parent undertaking was Cadbury plc Cadbury plc is a company registered in England and Wales Cadbury plc is also the largest and the smallest group in which the results of the Company are consolidated for the year ended 31 December 2009 Copies of the Group Financial Statements of Cadbury plc are available from Cadbury House, Uxbridge Business Park, Sanderson Road, Uxbridge, UB8 1DH Following the change of control explained in Note 26 the Partnership's ultimate parent undertaking is Kraft Foods, Inc

Cadbury UK

Annual Report & Financial Statements

For the year ended 31 December 2009

Report to 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 (resigned 18 June 2010)
D J Pogson
P J Rumbol (resigned 20 July 2010)
W Strickland

Secretary

Cadbury Nominees Limited

Principal Office

Cadbury House
Sanderson Road
Uxbridge
Middlesex
UB8 1DH

Auditors

Deloitte LLP
London

Report of the Management Committee

For the year ended 31 December 2009

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 2009 ("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 2008, 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 Partnership aims to contribute towards achievement of the Group commitment to deliver superior shareholder value through delivery of the Vision into Action (VIA) plan which is set out in the financial performance scorecard below

- Organic revenue growth of 4% - 6% every year
- Total confectionery share gain
- Mid-teens trading margins by 2011
- Strong dividend growth
- An efficient balance sheet Growth in Return on Invested Capital (ROIC)

To achieve these financial goals, we have a growth and efficiency strategy which aligns behind our focus on fewer, faster, bigger and better This focus is being applied to all aspects of our business

During the year the partnership acquired the trade and assets of Green and Blacks Limited for cash consideration of £51 4m

Growth

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 2009 was £1,308 million (2008 £1,166 million) which represents growth of 12% Performance was driven by a new product innovation, such as Bitesize and Wispa Gold, a strong Easter, continued growth of Wispa and Multipack promotions

Efficiency

Our goal is to drive cost and efficiency gains to help achieve a mid-teens underlying operating profit margin by 2011 In the UK, initiatives are continuing that will lead to supply chain efficiencies The most significant initiative is the planned closure of the Somerdale plant in 2010 and transfer of its chocolate production to Bournville and a new site in Poland During 2009 operating margins benefited from the commencement of production out of Poland

Report of the Management Committee (continued)

For the year ended 31 December 2009

Business review (continued)

Efficiency (continued)

In 2009 operating profit was £123 million, representing a operating margin of 9 5% 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 in 2008 was £71 4 million and operating margin was 6 1% 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 £22 5 million (2008 £15 4 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

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, could cause delays in manufacturing and may 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)
For the year ended 31 December 2009

Outlook for 2010 and Future Prospects
Looking ahead to 2010, 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 the progression of initiatives in place to deliver savings should enable delivery of margin progression in 2010

Post Balance Sheet Events
On 7 September 2009 Kraft Foods, Inc ("Kraft") announced its intention to purchase the entire issued share capital of Cadbury plc, the Partnership's controlling and ultimate parent undertaking On 2 February 2010, Kraft Foods declared its recommended Final Offer wholly unconditional as to acceptances Cadbury plc was delisted from the London and New York Stock Exchanges on 8 March 2010

Following the acquisition by Kraft, the change of control may have an impact on the measurement criteria applied to certain of the Partnership's assets and liabilities, however there is no consequential impact on the financial statements for the year ended 31 December 2009 The impact on the financial statements in the year ending 31 December 2010 and beyond, if any, has not yet been determined

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

Results and dividends
The profit on ordinary activities for the financial year after taxation was £118,399,000 (2008 loss of £52,723,000)

The profit of £118,399,000 has been added to the partners capital (2008 loss of £52,723,000 absorbed by 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 Company's auditors are unaware, and

(2) the member of the Management Committee has taken all the steps that he/she ought to have taken as a member of the Management Committee 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

Following the acquisition of the Cadbury group of companies by Kraft Foods, Inc , Deloitte LLP will resign as auditor of the company

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)

For the year ended 31 December 2009

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 Cadbury plc uses forward foreign exchange markets to manage its exposures on a Group basis 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

Charitable and Political Contributions

During the year, the Partnership made charitable contributions of £665,000 (2008 £573,000) The Partnership made no political contributions during the year (2008 £nil)

Report of the Management Committee (continued)

For the year ended 31 December 2009

Going Concern

As explained in Note 26 to the financial statements, the offer for the Group by Kraft Foods, Inc ("Kraft") became unconditional on 2 February 2010 Accordingly, the Partnership is now subject to the Kraft group treasury arrangements On the basis of the current committed facilities and the Partnership's financial projections, the management committee consider that the Partnership has adequate resources to continue in operational existence for the foreseeable future

The management committee have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the Partnership accounts

Principal Office
Cadbury House
Sanderson Road
Uxbridge
Middlesex
UB8 1DH

By order of the Management Committee,

David Harding-Smith
Member of the Management Committee
29 September 2010

Statement of Management Committees' Responsibilities in Relation to Financial Statements

For the year ended 31 December 2009

The Management Committee is required by the Partnership and Unlimited Companies (Accounts) Regulations l993 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 2006 ("the Act") which would have applied if the financial statements were statutory financial statements

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 TO THE MEMBERS OF CADBURY UK

We have audited the financial statements of Cadbury UK for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 27 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the members of the partnership, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applicable to qualifying partnerships Our audit work has been undertaken so that we might state to the members of the partnership 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 members of the partnership as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Management Committee and auditors

As explained more fully in the statement of management committee's Responsibilities, the management committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the management committee, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the partnership's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report to the management committee for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

William Touche (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK
29 September 2010

Profit and loss account

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Turnover	3	1,307,893	1,166,286
Cost of Sales		(843,069)	(769,564)
Gross Profit		464,824	396,722
Net operating expenses	4	(341,824)	(325,686)
Operating profit		123,000	71,036
Profit/(loss) on disposal of fixed assets	7	1,243	(112,035)
Profit/(loss) before interest		124,243	(40,999)
Interest receivable and similar income	5	1,926	2,606
Interest payable and similar charges	6	(7,770)	(14,330)
Profit/(loss) available for distribution	7	118,399	(52,723)

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

Balance sheet
As at 31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Intangible fixed assets	12	95,125	66,843
Tangible fixed assets	13	277,000	276,872
		372,125	343,715
Current assets			
Stocks	14	178,667	154,290
Debtors	15	185,826	144,899
Cash at bank and in hand		11,356	4,914
		375,850	304,103
Creditors amounts falling due within one year	16	(277,844)	(260,809)
Net current assets		98,006	43,294
Total assets less current liabilities		470,131	387,009
Creditors amounts falling due after one year	17	(848)	(1,014)
Provisions for liabilities	18	(52,149)	(52,862)
Net assets		417,134	333,133
Capital and reserves			
Partner's capital	20	417,134	333,133
Partnership funds		417,134	333,133

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 29 September 2010

Signed on behalf of the Partnership

D Harding-Smith
Member of the Management Committee

29 September 2010

Notes to the Financial Statements

As at 31 December 2009

1 Accounting policies

The principal accounting policies are summarised below They have been applied consistently throughout the year and the preceding 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 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 2008, 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 Cadbury UK

These financial statements should be read in conjunction with the financial statements of the Partners, which do not form part of these financial statements

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

Notes to the Fınancıal Statements (contınued)

As at 31 December 2009

1. Accountıng polıcıes (contınued)

g) Tangıble Fıxed Assets

Tangıble fıxed assets are stated at cost, net of depreciatıon and any provısıon for ımpaırment Depreciatıon ıs charged (excludıng freehold land and assets ın course of constructıon) so as to wrıte off the cost of assets to theır resıdual value, over theır expected useful lıves usıng the straıght-lıne method The prıncıpal rates are as follows

Freehold land and buıldıngs	2 5%
Plant and Machınery	
Plant and machınery	7%-10%
Office equıpment	10%-20%
Computer hardware and software	12 5%-33%
Land ıs not depreciated	

Assets ın the course of constructıon are not depreciated untıl they are avaılable for use An asset ıs consıdered to be avaılable for use when ıt ıs ın the locatıon and condıtıon necessary for ıt to be capable of operatıng ın the manner ıntended by management Once constructed and ready for use assets are transferred from assets ın the course of constructıon to the approprıate asset category

h) Fıxed Assets Held under Leases

Where assets are fınanced by leasıng arrangements that gıve rıghts approxımatıng to ownershıp ('fınance leases'), the assets are treated as ıf they had been purchased outrıght and the correspondıng lıabılıty to the leasıng company ıs ıncluded as oblıgatıons under fınance leases Depreciatıon on leased assets ıs charged to the profıt and loss account on the same basıs as shown above Leasıng payments are treated as consıstıng of capıtal and ınterest elements, and the ınterest ıs charged to the profıt and loss account

All other leases are 'operatıng leases' and the relevant annual rentals are charged wholly to the profıt and loss account ın the year ın whıch they are ıncurred, even ıf payments are not made on such a basıs

ı) Stocks and Work ın Progress

Stocks and work ın progress are valued at the lower of cost and estımated net realısable value Cost ıs purchase prıce, or productıon cost ın the case of the products manufactured by the Partnershıp Productıon cost consısts of dırect materıal and labour costs together wıth a reasonable proportıon of factory overheads, ıncludıng depreciatıon, on the basıs of normal levels of actıvıty Provısıon ıs made for obsolete, slow movıng or defectıve ıtems where approprıate

j) Cash flow statement

In accordance wıth the provısıon of Fınancıal Reportıng Standard No 1, the Partnershıp has not prepared a cash flow statement because ıts ultımate parent company, Cadbury plc, whıch ıs ıncorporated ın Great Brıtaın and regıstered ın England and Wales, has prepared consolıdated fınancıal statements whıch ınclude the fınancıal statements of the Company for the perıod and whıch are publıcly avaılable

Notes to the Financial Statements (continued)

As at 31 December 2009

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, Black-Scholes calculations and Monte Carlo simulations The valuations take into account factors such as non-transferability, exercise restrictions and behavioural 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 (continued)

As at 31 December 2009

2. Annual Financial Statements

The annual financial statements were drawn up on a calendar year basis to 31 December 2009

The profit and loss account covers the periods from 1 January 2009 to 31 December 2009 (2009) and 1 January 2008 to 31 December 2008 (2008) The balance sheets for 2009 and 2008 have been drawn up at 31 December 2009 and 31 December 2008 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

	2009 £'000	2008 £'000
Distribution costs, including marketing	188,101	182,338
Administrative expenses	153,723	143,348
	341,824	325,686

Administrative expenses above include £22,487,000 (2008 £15,391,000) 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

	2009 £'000	2008 £'000
Interest receivable on external loans and deposits	334	157
Interest receivable on inter-company loans	1,592	2,449
	1,926	2,606

Notes to the Financial Statements (continued)

As at 31 December 2009

6. Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable on overdrafts and bank loans	77	176
Finance lease interest	195	324
Unwind of provision discount	1,614	2,552
Interest payable on inter-company loans	5,884	11,278
	7,770	14,330

7. Profit available for distribution

Profit available for distribution is stated after charging

	2009 £'000	2008 £'000
Depreciation on owned assets	38,774	33,991
Depreciation on assets held under finance leases	5,428	8,744
Amortisation of goodwill	5,709	4,001
Amortisation of intellectual property	209	207
Operating lease rentals - plant & machinery	4,073	4,332
Operating lease rentals - other	7,283	6,985
(Profit)/Loss on disposal of fixed assets	(1,243)	112,035
Research and development expenditure	-	76
Fees payable to the company's auditor		
- fees payable for the audit of the partnership's annual accounts	336	402

Total profit on disposal below operating profit largely relates to a net gain of £1 5 million from a pension curtailment gain arising from the disposal of the Monkhill business In 2008, the total loss on disposal below operating profit relates to a net loss of £112 0 million from the disposal of the Monkhill 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 £27,677,000 (2008 £27,671,000), 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

Notes to the Financial Statements (continued)

As at 31 December 2009

8. Pension Arrangements (continued)

At the year end, under IAS 19, the Group combined defined benefit pension schemes had a deficit of £504m, of which £267m related to UK pension obligations At 1 January 2009, the Group defined benefit pension schemes, under IAS 19 had a combined deficit of £258m, of which a £2m surplus related to UK pension obligations

	Rate of Return (%)	Market Value (£m)
2009		
Equities	8 5	858
Bonds	4 9	468
Property	7 5	91
Insurance Contracts	5 7	407
Other	4 5	47
		1,871
Present value of scheme liabilities		(2,138)
Deficit in the scheme		(267)

	Rate of Return (%)	Market Value (£m)
2008		
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

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

	2009 %	2008 %
Rate of increase in salaries	4 5	3 65
Rate of increase in pensions in payment	3 3	2 8
Rate of increase for deferred pensioners	3 5	2 65
Discount rate for scheme liabilities	5 7	6 1
Inflation	3 5	2 65

Further details of the latest actuarial valuation can be found in the Report & Accounts of Cadbury plc, which do not form part of these financial statements

Notes to the Financial Statements (continued)

As at 31 December 2009

9. Employees

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

	2009 £'000	2008 £'000
Production	2,761	2,977
Distribution, selling and marketing	1,076	1,063
Administration	543	492
	4,379	4,532

Employee emoluments comprised

	2009 £'000	2008 £'000
Wages and salaries	166,367	188,849
Social Security Costs	15,911	14,341
Other pension costs	27,677	27,671
	209,955	230,861

Employment costs in 2009 include £1 9m (2008 £11 3m) additional pension funding relating to continuing employees In 2008 a 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 2009 also include £3 2m (2008 £8 4m) of 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 (continued)
As at 31 December 2009

11. Distribution to Partners

	2009 £'000	2008 £'000
Distribution of profit /(loss) before interest to the Partners		
Cadbury UK Limited	103,308	(34,091)
Trebor Bassett Limited	20,314	(6,703)
The Old Leo Company Limited	621	(205)
	124,243	(40,999)
Distribution of net interest expense available for distribution to the Partners		
Cadbury UK Limited	(5,107)	(6,198)
Trebor Bassett Limited	(705)	(5,488)
The Old Leo Company Limited	(32)	(38)
	(5,844)	(11,724)
	118,399	(52,723)

The profit before interest and net interest expense of the Partnership has been distributed to the partners

12. Intangible Fixed Assets – Goodwill and Intellectual Property

	Goodwill £'000	Intellectual property £'000	Total £'000
Cost			
At 1 January 2009	87,835	4,173	92,008
Additions	34,200	-	34,200
Disposals	-	-	-
At 31 December 2009	122,035	4,173	126,208
Accumulated Amortisation			
At 1 January 2009	(24,696)	(469)	(25,165)
Charge for the year	(5,709)	(209)	(5,918)
Disposals	-	-	-
At 31 December 2009	(30,405)	(678)	(31,083)
Net Book Value			
At 31 December 2009	91,630	3,495	95,125
At 1 January 2009	63,139	3,704	66,843

Notes to the Financial Statements (continued)

As at 31 December 2009

12. Intangible Fixed Assets – Goodwill and Intellectual Property (continued)

Acquisitions

On 6th August 2009 the partnership acquired the trade and assets of Green and Blacks Limited for cash consideration of £51 4m Assets and liabilities with a book value of £17 2m were acquired Goodwill of £34 2m arose on the purchase of the trade of the business

The following table sets out the book values of the identifiable assets and liabilities acquired by the partnership Following a fair value exercise, no differences were noted between book value and fair value

	Total £'000
Current assets	
Stock	9,076
Debtors	13,259
Cash	2,272
Total assets	24,607
Creditors	
Trade creditors	(5,359)
Accruals	(2,084)
Total liabilities	(7,443)
Net assets	17,164
Goodwill	34,200
Total satisfied by cash consideration	51,364

Notes to the Financial Statements (continued)
As at 31 December 2009

13 Tangible Fixed Assets

	Freehold land & buildings £'000	Plant, machinery & equipment £'000	Assets in course of construction £'000	Total £'000
Cost or Valuation				
At 1 January 2009	98,909	673,157	33,781	805,847
Additions	358	23,377	22,306	46,041
Transfers to Group companies	-	(1,091)	-	(1,091)
Disposals	(107)	(7,832)	-	(7,939)
At 31 December 2009	98,802	687,611	56,087	842,858
At professional valuation	84,739	-	-	84,739
At cost	14,170	687,611	56,087	758,868
	98,909	687,611	56,087	842,607
Accumulated Depreciation				
At 1 January 2009	(18,452)	(510,523)	-	(528,975)
Charge for the year	(2,934)	(41,268)	-	(44,202)
Transfers to Group companies	-	838	-	838
Disposals	63	6,418	-	6,481
At 31 December 2009	(21,323)	(544,535)	-	(565,858)
Net Book Value				
At 31 December 2009	77,479	143,076	56,087	277,000
At 1 January 2009	80,457	162,634	33,781	276,872

Freehold land and buildings include land of £14,170,000 (2008 £14,170,000), which has not been depreciated

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

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 these 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

	2009 £'000	2008 £'000
Land and buildings at cost	59,228	59,228
Accumulated depreciation at 1 January 2009	(21,810)	(20,626)
Charge for the year	(1,184)	(1,184)
	36,234	37,418

Notes to the Financial Statements (continued)

As at 31 December 2009

13. Tangible Fixed Assets (continued)

Finance Leases

Included in fixed assets are

	2009 £'000	2008 £'000
Plant and machinery under finance leases	205,804	206,301
Less accumulated depreciation	(194,584)	(189,215)
	11,220	17,086

14. Stocks

	2009 £'000	2008 £'000
Raw materials and consumables	27,935	17,363
Work in progress	27,084	27,378
Finished goods and goods for resale	123,648	109,549
	178,667	154,290

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

15 Debtors

	2009 £'000	2008 £'000
Trade debtors	125,360	129,566
Amounts owed by fellow subsidiary undertakings	46,821	-
Other debtors	3,055	3,652
Prepayments and accrued income	10,590	11,681
	185,826	144,899

Within amounts owed by fellow subsidiary undertakings is £20 million (2008 £nil million) which bears interest at market rates with the remaining balance being non interest bearing

Notes to the Financial Statements (continued)

As at 31 December 2009

16. Creditors. amounts falling due within one year

	2009 £'000	2008 £'000
Current obligation under finance leases	252	286
Trade creditors	88,867	76,083
Amounts owed to Cadbury plc	4,425	2,937
Amounts owed to fellow subsidiary undertakings	-	8,915
Other taxes and social security costs	31,127	33,067
Other creditors	131,749	119,304
Accruals and deferred income	21,424	20,217
	277,844	260,809

Within amounts owed to fellow subsidiary undertakings is £nil million (2008 £29 1 million) which bears interest at market rates with the remaining balance being non interest bearing

Amounts owed to Cadbury plc are non-interest bearing

17. Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Obligations under finance leases	760	919
Government grants	88	95
	848	1,014

18 Provisions for liabilities

	Pension provision £'000	Reconfiguration provision £'000	Other provision £'000	Total £'000
At 1 January 2009	-	52,427	435	52,862
Charged during the year	25,788	22,487	(357)	47,918
Unwinding of discount	-	(1,615)	-	(1,615)
Utilised during the year	(25,788)	(21,150)	(78)	(47,016)
At 31 December 2009	-	52,149	-	52,149

The reconfiguration provision includes a provision of £28,703,000 (2008 £37,223,000) for redundancy costs Of this, £20,582,000 (2008 £14,122,000) is due after more than one year

Notes to the Financial Statements (continued)

As at 31 December 2009

19 Share-based Payments

Certain employees of the Partnership received share awards which were settled using the equity of the ultimate parent company, Cadbury plc The Partnership recognised total expenses of £4 8m (2008 £2 1m) related to these equity-settled share-based payment transactions during the year

The Group had a number of share option plans that are available to Board members and certain senior executives the Long Term Incentive Plan (LTIP), the Bonus Share Retention Plan (BSRP) and the Discretionary Share Option Plans (DSOP) Cadbury plc also had a UK share option scheme for all employees of the Partnership Options are normally forfeited if the employee leaves the Group before the options vest The Group had an International Share Award Plan (ISAP) which is used to replace share based awards that new employees have forfeited on leaving their previous employer and to reward exceptional performance amongst employees

An expense was 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 2009	ISAP	Sharesave
Expected volatility	n/a	32-34%
Expected life	1–4 yrs	Vesting + 5 months
Risk free rate	0 6-2 5%	1 5-2 7%
Expected dividend yield	2 2-3 4%	2 1-2 3%
Fair value per option (% of share price at date of grant)	85 9-97 8%	39 1-46 1%
Possibility of ceasing employment before vesting	-	4-10%
Expectation of meeting performance criteria	100%	n/a

Schemes granted in 2008	BSRP	ISAP	Sharesave
Expected volatility	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)	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

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

The BSRP resulted in a charge of £1 3m in 2009 (2008 £0 7m) DSOP and share save plans resulted in a charge of £3 5m in 2009 (2008 £1 4m)

Notes to the Financial Statements (continued)
As at 31 December 2009

19. Share-based Payments (continued)

2009: 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	6,411,487	-	1,285,057	291,788	4,834,642	3 51-5 22	4 69	23 03	-	-
b	1,115,618	1,339,011	2,890	163,952	2,287 787	4 62-5 05	4 80	50 86	-	-
c	665,303	-	462,240	-	203,063	3 69-5 38	4 66	32 47	203,063	4 66
d	987,128		583,694	95,821	307 613	4 90-6 34	5 44	59 96	307 613	5 44

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 contractual 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 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	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

Notes to the Financial Statements (continued)
As at 31 December 2009

19. Share-based Payments (continued)

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

(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

Notes to the Financial Statements (continued)

As at 31 December 2009

20. Partners' Capital

	Cadbury UK Limited £'000	Trebor Bassett Limited £'000	The Old Leo Company Ltd £'000	Total £'000
At 1 January 2009	129,070	196,191	7,872	333,133
Profit for the year	98,201	19,609	589	118,399
Taxation on profit on ordinary activities	(29,344)	(5,771)	(176)	(35,291)
Credit to equity for share-based payments	3,979	779	25	4,784
Movement in assets transferred to (from) Partners	5,103	(9,026)	33	(3,890)
At 31 December 2009	207,009	201,782	8,343	417,134

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

21. Commitments for Capital Expenditure

Commitments for capital expenditure are as follows

	2009 £'000	2008 £'000
Contracted for but not provided in the financial statements	2,656	4,316

22. Commitments under Finance Leases

	2009 £'000	2008 £'000
Within one year	252	286
One to two years	197	252
Two to five years	419	498
More than five years	144	169
	1,012	1,205

Notes to the Fınancıal Statements (contınued)

As at 31 December 2009

23 Commıtments under Operating Leases

Durıng the next year, the Partnershıp ıs contracted to make payments under operatıng leases, whıch mature as follows

	2009 Land and Buıldıngs £'000	2009 Other £'000	2008 Land and Buıldıngs £'000	2008 Other £'000
Expıry Date				
Wıthın one year	-	1,003	-	648
Two to fıve years	268	1,618	323	2,340
More than fıve years	7,015	-	6,662	-
	7,283	2,621	6,985	2,988

24 Contıngent Liabilıtıes

Guarantees have been gıven to the Partnershıp's bankers totallıng £3,076,000 (2008 £3,140,000)

25. Related Party Transactions

The Partnershıp has taken advantage of the exemptıon under the rules of Fınancıal Reportıng Standard No 8 – 'Related party dısclosures' not to dısclose related party transactıons wıth other Cadbury plc Group companıes controlled by the ultımate parent company, Cadbury plc, and the consolıdated fınancıal statements of the ultımate parent company are publıcly avaılable

26. Post Balance Sheet Events

On 7 September 2009 Kraft Foods, Inc ("Kraft") announced ıts ıntentıon to purchase the entıre ıssued share capıtal of Cadbury plc, the Partnershıp's controllıng and ultımate parent undertakıng On 2 February 2010, Kraft Foods declared ıts recommended Fınal Offer wholly uncondıtıonal as to acceptances Cadbury plc was delısted from the London and New York Stock Exchanges on 8 March 2010

Followıng the acquısıtıon by Kraft, the change of control may have an ımpact on the measurement crıterıa applıed to certaın of the Partnershıp's assets and lıabılıtıes, however there ıs no consequentıal ımpact on the fınancıal statements for the year ended 31 December 2009 The ımpact on the fınancıal statements ın the year endıng 31 December 2010 and beyond, ıf any, has not yet been determıned

27. Ultımate Parent Company

Durıng 2009 the Partnershıp's controllıng and ultımate parent undertakıng was Cadbury plc Cadbury plc ıs a company regıstered ın England and Wales Cadbury plc ıs also the largest and the smallest group ın whıch the results of the Company are consolıdated for the year ended 31 December 2009 Copıes of the Group Fınancıal Statements of Cadbury plc are avaılable from Cadbury House, Uxbrıdge Busıness Park, Sanderson Road, Uxbrıdge, UB8 1DH Followıng the change of control explaıned ın Note 26 the Partnershıp's ultımate parent undertakıng ıs Kraft Foods, Inc

Cadbury UK

Annual Report & Financial Statements

For the year ended 31 December 2009

CADBURY UK

Report to 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 (resigned 18 June 2010)
D J Pogson
P J Rumbol (resigned 20 July 2010)
W Strickland

Secretary

Cadbury Nominees Limited

Principal Office

Cadbury House
Sanderson Road
Uxbridge
Middlesex
UB8 1DH

Auditors

Deloitte LLP
London

Report of the Management Committee
For the year ended 31 December 2009

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 2009 ("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 2008, 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 Partnership aims to contribute towards achievement of the Group commitment to deliver superior shareholder value through delivery of the Vision into Action (VIA) plan which is set out in the financial performance scorecard below

- Organic revenue growth of 4% - 6% every year
- Total confectionery share gain
- Mid-teens trading margins by 2011
- Strong dividend growth
- An efficient balance sheet Growth in Return on Invested Capital (ROIC)

To achieve these financial goals, we have a growth and efficiency strategy which aligns behind our focus on fewer, faster, bigger and better This focus is being applied to all aspects of our business

During the year the partnership acquired the trade and assets of Green and Blacks Limited for cash consideration of £51 4m

Growth
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 2009 was £1,308 million (2008 £1,166 million) which represents growth of 12% Performance was driven by a new product innovation, such as Bitesize and Wispa Gold, a strong Easter, continued growth of Wispa and Multipack promotions

Efficiency
Our goal is to drive cost and efficiency gains to help achieve a mid-teens underlying operating profit margin by 2011 In the UK, initiatives are continuing that will lead to supply chain efficiencies The most significant initiative is the planned closure of the Somerdale plant in 2010 and transfer of its chocolate production to Bournville and a new site in Poland During 2009 operating margins benefited from the commencement of production out of Poland

Report of the Management Committee (continued)

For the year ended 31 December 2009

Business review (continued)

Efficiency (continued)

In 2009 operating profit was £123 million, representing a operating margin of 9 5% 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 in 2008 was £71 4 million and operating margin was 6 1% 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 £22 5 million (2008 £15 4 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

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, could cause delays in manufacturing and may 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)

For the year ended 31 December 2009

Outlook for 2010 and Future Prospects

Looking ahead to 2010, 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 the progression of initiatives in place to deliver savings should enable delivery of margin progression in 2010

Post Balance Sheet Events

On 7 September 2009 Kraft Foods, Inc ("Kraft") announced its intention to purchase the entire issued share capital of Cadbury plc, the Partnership's controlling and ultimate parent undertaking On 2 February 2010, Kraft Foods declared its recommended Final Offer wholly unconditional as to acceptances Cadbury plc was delisted from the London and New York Stock Exchanges on 8 March 2010

Following the acquisition by Kraft, the change of control may have an impact on the measurement criteria applied to certain of the Partnership's assets and liabilities, however there is no consequential impact on the financial statements for the year ended 31 December 2009 The impact on the financial statements in the year ending 31 December 2010 and beyond, if any, has not yet been determined

Investments

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

Results and dividends

The profit on ordinary activities for the financial year after taxation was £118,399,000 (2008 loss of £52,723,000)

The profit of £118,399,000 has been added to the partners capital (2008 loss of £52,723,000 absorbed by 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 Company's auditors are unaware, and

(2) the member of the Management Committee has taken all the steps that he/she ought to have taken as a member of the Management Committee 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

Following the acquisition of the Cadbury group of companies by Kraft Foods, Inc , Deloitte LLP will resign as auditor of the company

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)

For the year ended 31 December 2009

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 Cadbury plc uses forward foreign exchange markets to manage its exposures on a Group basis 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

Charitable and Political Contributions

During the year, the Partnership made charitable contributions of £665,000 (2008 £573,000) The Partnership made no political contributions during the year (2008 £nil)

Report of the Management Committee (continued)

For the year ended 31 December 2009

Going Concern

As explained in Note 26 to the financial statements, the offer for the Group by Kraft Foods, Inc ("Kraft") became unconditional on 2 February 2010 Accordingly, the Partnership is now subject to the Kraft group treasury arrangements On the basis of the current committed facilities and the Partnership's financial projections, the management committee consider that the Partnership has adequate resources to continue in operational existence for the foreseeable future

The management committee have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the Partnership accounts

Principal Office

Cadbury House
Sanderson Road
Uxbridge
Middlesex
UB8 1DH

By order of the Management Committee,

David Harding-Smith
Member of the Management Committee
29 September 2010

Statement of Management Committees' Responsibilities in Relation to Financial Statements

For the year ended 31 December 2009

The Management Committee is required by the Partnership and Unlimited Companies (Accounts) Regulations 1993 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 2006 ("the Act") which would have applied if the financial statements were statutory financial statements

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 TO THE MEMBERS OF CADBURY UK

We have audited the financial statements of Cadbury UK for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the members of the partnership, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applicable to qualifying partnerships Our audit work has been undertaken so that we might state to the members of the partnership 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 members of the partnership as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Management Committee and auditors
As explained more fully in the statement of management committee's Responsibilities, the management committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the management committee, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the partnership's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the report to the management committee for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

William Touche (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK
29 September 2010

Profit and loss account

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Turnover	3	1,307,893	1,166,286
Cost of Sales		(843,069)	(769,564)
Gross Profit		464,824	396,722
Net operating expenses	4	(341,824)	(325,686)
Operating profit		123,000	71,036
Profit/(loss) on disposal of fixed assets	7	1,243	(112,035)
Profit/(loss) before interest		124,243	(40,999)
Interest receivable and similar income	5	1,926	2,606
Interest payable and similar charges	6	(7,770)	(14,330)
Profit/(loss) available for distribution	7	118,399	(52,723)

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

Balance sheet
As at 31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Intangible fixed assets	12	95,125	66,843
Tangible fixed assets	13	277,000	276,872
		372,125	343,715
Current assets			
Stocks	14	178,667	154,290
Debtors	15	185,826	144,899
Cash at bank and in hand		11,356	4,914
		375,850	304,103
Creditors amounts falling due within one year	16	(277,844)	(260,809)
Net current assets		98,006	43,294
Total assets less current liabilities		470,131	387,009
Creditors amounts falling due after one year	17	(848)	(1,014)
Provisions for liabilities	18	(52,149)	(52,862)
Net assets		417,134	333,133
Capital and reserves			
Partner's capital	20	417,134	333,133
Partnership funds		417,134	333,133

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 29 September 2010

Signed on behalf of the Partnership

D Harding-Smith
Member of the Management Committee

29 September 2010

Notes to the Financial Statements

As at 31 December 2009

1 Accounting policies

The principal accounting policies are summarised below They have been applied consistently throughout the year and the preceding 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 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 2008, 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 Cadbury UK

These financial statements should be read in conjunction with the financial statements of the Partners, which do not form part of these financial statements

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

Notes to the Financial Statements (continued)

As at 31 December 2009

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

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, even if payments are not made on such a basis

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

Notes to the Financial Statements (continued)

As at 31 December 2009

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, Black-Scholes calculations and Monte Carlo simulations The valuations take into account factors such as non-transferability, exercise restrictions and behavioural 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 (continued)
As at 31 December 2009

2. Annual Financial Statements

The annual financial statements were drawn up on a calendar year basis to 31 December 2009

The profit and loss account covers the periods from 1 January 2009 to 31 December 2009 (2009) and 1 January 2008 to 31 December 2008 (2008) The balance sheets for 2009 and 2008 have been drawn up at 31 December 2009 and 31 December 2008 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

	2009 £'000	2008 £'000
Distribution costs, including marketing	188,101	182,338
Administrative expenses	153,723	143,348
	341,824	325,686

Administrative expenses above include £22,487,000 (2008 £15,391,000) 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

	2009 £'000	2008 £'000
Interest receivable on external loans and deposits	334	157
Interest receivable on inter-company loans	1,592	2,449
	1,926	2,606

Notes to the Financial Statements (continued)

As at 31 December 2009

6. Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable on overdrafts and bank loans	77	176
Finance lease interest	195	324
Unwind of provision discount	1,614	2,552
Interest payable on inter-company loans	5,884	11,278
	7,770	14,330

7 Profit available for distribution

Profit available for distribution is stated after charging

	2009 £'000	2008 £'000
Depreciation on owned assets	38,774	33,991
Depreciation on assets held under finance leases	5,428	8,744
Amortisation of goodwill	5,709	4,001
Amortisation of intellectual property	209	207
Operating lease rentals - plant & machinery	4,073	4,332
Operating lease rentals - other	7,283	6,985
(Profit)/Loss on disposal of fixed assets	(1,243)	112,035
Research and development expenditure	-	76
Fees payable to the company's auditor		
- fees payable for the audit of the partnership's annual accounts	336	402

Total profit on disposal below operating profit largely relates to a net gain of £1 5 million from a pension curtailment gain arising from the disposal of the Monkhill business In 2008, the total loss on disposal below operating profit relates to a net loss of £112 0 million from the disposal of the Monkhill 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 £27,677,000 (2008 £27,671,000), 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

Notes to the Financial Statements (continued)

As at 31 December 2009

8. Pension Arrangements (continued)

At the year end, under IAS 19, the Group combined defined benefit pension schemes had a deficit of £504m, of which £267m related to UK pension obligations At 1 January 2009, the Group defined benefit pension schemes, under IAS 19 had a combined deficit of £258m, of which a £2m surplus related to UK pension obligations

	Rate of Return (%)	Market Value (£m)
2009		
Equities	8 5	858
Bonds	4 9	468
Property	7 5	91
Insurance Contracts	5 7	407
Other	4 5	47
		1,871
Present value of scheme liabilities		(2,138)
Deficit in the scheme		(267)

	Rate of Return (%)	Market Value (£m)
2008		
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

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

	2009 %	2008 %
Rate of increase in salaries	4 5	3 65
Rate of increase in pensions in payment	3 3	2 8
Rate of increase for deferred pensioners	3 5	2 65
Discount rate for scheme liabilities	5 7	6 1
Inflation	3 5	2 65

Further details of the latest actuarial valuation can be found in the Report & Accounts of Cadbury plc, which do not form part of these financial statements

Notes to the Financial Statements (continued)
As at 31 December 2009

9. Employees

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

	2009 £'000	2008 £'000
Production	2,761	2,977
Distribution, selling and marketing	1,076	1,063
Administration	543	492
	4,379	4,532

Employee emoluments comprised

	2009 £'000	2008 £'000
Wages and salaries	166,367	188,849
Social Security Costs	15,911	14,341
Other pension costs	27,677	27,671
	209,955	230,861

Employment costs in 2009 include £1 9m (2008 £11 3m) additional pension funding relating to continuing employees In 2008 a 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 2009 also include £3 2m (2008 £8 4m) of 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 (continued)
As at 31 December 2009

11. Distribution to Partners

	2009 £'000	2008 £'000
Distribution of profit /(loss) before interest to the Partners		
Cadbury UK Limited	103,308	(34,091)
Trebor Bassett Limited	20,314	(6,703)
The Old Leo Company Limited	621	(205)
	124,243	(40,999)
Distribution of net interest expense available for distribution to the Partners		
Cadbury UK Limited	(5,107)	(6,198)
Trebor Bassett Limited	(705)	(5,488)
The Old Leo Company Limited	(32)	(38)
	(5,844)	(11,724)
	118,399	(52,723)

The profit before interest and net interest expense of the Partnership has been distributed to the partners

12 Intangible Fixed Assets – Goodwill and Intellectual Property

	Goodwill £'000	Intellectual property £'000	Total £'000
Cost			
At 1 January 2009	87,835	4,173	92,008
Additions	34,200	-	34,200
Disposals	-	-	-
At 31 December 2009	122,035	4,173	126,208
Accumulated Amortisation			
At 1 January 2009	(24,696)	(469)	(25,165)
Charge for the year	(5,709)	(209)	(5,918)
Disposals	-	-	-
At 31 December 2009	(30,405)	(678)	(31,083)
Net Book Value			
At 31 December 2009	91,630	3,495	95,125
At 1 January 2009	63,139	3,704	66,843

Notes to the Financial Statements (continued)

As at 31 December 2009

12. Intangible Fixed Assets – Goodwill and Intellectual Property (continued)

Acquisitions:

On 6th August 2009 the partnership acquired the trade and assets of Green and Blacks Limited for cash consideration of £51 4m Assets and liabilities with a book value of £17 2m were acquired Goodwill of £34 2m arose on the purchase of the trade of the business

The following table sets out the book values of the identifiable assets and liabilities acquired by the partnership Following a fair value exercise, no differences were noted between book value and fair value

	Total £'000
Current assets	
Stock	9,076
Debtors	13,259
Cash	2,272
Total assets	24,607
Creditors	
Trade creditors	(5,359)
Accruals	(2,084)
Total liabilities	(7,443)
Net assets	17,164
Goodwill	34,200
Total satisfied by cash consideration	51,364

Notes to the Financial Statements (continued)

As at 31 December 2009

13. Tangible Fixed Assets

	Freehold land & buildings £'000	Plant, machinery & equipment £'000	Assets in course of construction £'000	Total £'000
Cost or Valuation				
At 1 January 2009	98,909	673,157	33,781	805,847
Additions	358	23,377	22,306	46,041
Transfers to Group companies	-	(1,091)	-	(1,091)
Disposals	(107)	(7,832)	-	(7,939)
At 31 December 2009	98,802	687,611	56,087	842,858
At professional valuation	84,739	-	-	84,739
At cost	14,170	687,611	56,087	758,868
	98,909	687,611	56,087	842,607
Accumulated Depreciation				
At 1 January 2009	(18,452)	(510,523)	-	(528,975)
Charge for the year	(2,934)	(41,268)	-	(44,202)
Transfers to Group companies	-	838	-	838
Disposals	63	6,418	-	6,481
At 31 December 2009	(21,323)	(544,535)	-	(565,858)
Net Book Value				
At 31 December 2009	77,479	143,076	56,087	277,000
At 1 January 2009	80,457	162,634	33,781	276,872

Freehold land and buildings include land of £14,170,000 (2008 £14,170,000), which has not been depreciated

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

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 these 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

	2009 £'000	2008 £'000
Land and buildings at cost	59,228	59,228
Accumulated depreciation at 1 January 2009	(21,810)	(20,626)
Charge for the year	(1,184)	(1,184)
	36,234	37,418

Notes to the Financial Statements (continued)

As at 31 December 2009

13 Tangible Fixed Assets (continued)

Finance Leases

Included in fixed assets are

	2009 £'000	2008 £'000
Plant and machinery under finance leases	205,804	206,301
Less accumulated depreciation	(194,584)	(189,215)
	11,220	17,086

14 Stocks

	2009 £'000	2008 £'000
Raw materials and consumables	27,935	17,363
Work in progress	27,084	27,378
Finished goods and goods for resale	123,648	109,549
	178,667	154,290

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

15. Debtors

	2009 £'000	2008 £'000
Trade debtors	125,360	129,566
Amounts owed by fellow subsidiary undertakings	46,821	-
Other debtors	3,055	3,652
Prepayments and accrued income	10,590	11,681
	185,826	144,899

Within amounts owed by fellow subsidiary undertakings is £20 million (2008 £nil million) which bears interest at market rates with the remaining balance being non interest bearing

Notes to the Financial Statements (continued)
As at 31 December 2009

16. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Current obligation under finance leases	252	286
Trade creditors	88,867	76,083
Amounts owed to Cadbury plc	4,425	2,937
Amounts owed to fellow subsidiary undertakings	-	8,915
Other taxes and social security costs	31,127	33,067
Other creditors	131,749	119,304
Accruals and deferred income	21,424	20,217
	277,844	260,809

Within amounts owed to fellow subsidiary undertakings is £nil million (2008 £29 1 million) which bears interest at market rates with the remaining balance being non interest bearing

Amounts owed to Cadbury plc are non-interest bearing

17 Creditors amounts falling due after more than one year

	2009 £'000	2008 £'000
Obligations under finance leases	760	919
Government grants	88	95
	848	1,014

18 Provisions for liabilities

	Pension provision £'000	Reconfiguration provision £'000	Other provision £'000	Total £'000
At 1 January 2009	-	52,427	435	52,862
Charged during the year	25,788	22,487	(357)	47,918
Unwinding of discount	-	(1,615)	-	(1,615)
Utilised during the year	(25,788)	(21,150)	(78)	(47,016)
At 31 December 2009	-	52,149	-	52,149

The reconfiguration provision includes a provision of £28,703,000 (2008 £37,223,000) for redundancy costs Of this, £20,582,000 (2008 £14,122,000) is due after more than one year

Notes to the Financial Statements (continued)
As at 31 December 2009

19. Share-based Payments

Certain employees of the Partnership received share awards which were settled using the equity of the ultimate parent company, Cadbury plc The Partnership recognised total expenses of £4 8m (2008 £2 1m) related to these equity-settled share-based payment transactions during the year

The Group had a number of share option plans that are available to Board members and certain senior executives the Long Term Incentive Plan (LTIP), the Bonus Share Retention Plan (BSRP) and the Discretionary Share Option Plans (DSOP) Cadbury plc also had a UK share option scheme for all employees of the Partnership Options are normally forfeited if the employee leaves the Group before the options vest The Group had an International Share Award Plan (ISAP) which is used to replace share based awards that new employees have forfeited on leaving their previous employer and to reward exceptional performance amongst employees

An expense was 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 2009	**ISAP**	**Sharesave**
Expected volatility	n/a	32-34%
Expected life	1–4 yrs	Vesting + 5 months
Risk free rate	0 6-2 5%	1 5-2 7%
Expected dividend yield	2 2-3 4%	2 1-2 3%
Fair value per option (% of share price at date of grant)	85 9-97 8%	39 1-46 1%
Possibility of ceasing employment before vesting	-	4-10%
Expectation of meeting performance criteria	100%	n/a

Schemes granted in 2008	**BSRP**	**ISAP**	**Sharesave**
Expected volatility	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)	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

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

The BSRP resulted in a charge of £1 3m in 2009 (2008 £0 7m) DSOP and share save plans resulted in a charge of £3 5m in 2009 (2008 £1 4m)

Notes to the Financial Statements (continued)

As at 31 December 2009

19 Share-based Payments (continued)

2009: 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	6,411,487	-	1,285,057	291 788	4,834,642	3 51 5 22	4 69	23 03		-
b	1,115,618	1,339,011	2 890	163,952	2,287,787	4 62 5 05	4 80	50 86	-	-
c	665 303	-	462,240	-	203,063	3 69 5 38	4 66	32 47	203,063	4 66
d	987,128	-	583 694	95,821	307,613	4 90-6 34	5 44	59 96	307,613	5 44

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 contractual 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 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	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

Notes to the Financial Statements (continued)

As at 31 December 2009

19 Share-based Payments (continued)

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

(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

Notes to the Financial Statements (continued)
As at 31 December 2009

20. Partners' Capital

	Cadbury UK Limited £'000	Trebor Bassett Limited £'000	The Old Leo Company Ltd £'000	Total £'000
At 1 January 2009	129,070	196,191	7,872	333,133
Profit for the year	98,201	19,609	589	118,399
Taxation on profit on ordinary activities	(29,344)	(5,771)	(176)	(35,291)
Credit to equity for share-based payments	3,979	779	25	4,784
Movement in assets transferred to (from) Partners	5,103	(9,026)	33	(3,890)
At 31 December 2009	207,009	201,782	8,343	417,134

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

21. Commitments for Capital Expenditure

Commitments for capital expenditure are as follows

	2009 £'000	2008 £'000
Contracted for but not provided in the financial statements	2,656	4,316

22. Commitments under Finance Leases

	2009 £'000	2008 £'000
Within one year	252	286
One to two years	197	252
Two to five years	419	498
More than five years	144	169
	1,012	1,205

Notes to the Financial Statements (continued)

As at 31 December 2009

23 Commitments under Operating Leases

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

	2009		2008	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiry Date				
Within one year	-	1,003	-	648
Two to five years	268	1,618	323	2,340
More than five years	7,015	-	6,662	-
	7,283	2,621	6,985	2,988

24. Contingent Liabilities

Guarantees have been given to the Partnership's bankers totalling £3,076,000 (2008 £3,140,000)

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 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 7 September 2009 Kraft Foods, Inc ("Kraft") announced its intention to purchase the entire issued share capital of Cadbury plc, the Partnership's controlling and ultimate parent undertaking On 2 February 2010, Kraft Foods declared its recommended Final Offer wholly unconditional as to acceptances Cadbury plc was delisted from the London and New York Stock Exchanges on 8 March 2010

Following the acquisition by Kraft, the change of control may have an impact on the measurement criteria applied to certain of the Partnership's assets and liabilities, however there is no consequential impact on the financial statements for the year ended 31 December 2009 The impact on the financial statements in the year ending 31 December 2010 and beyond, if any, has not yet been determined

27 Ultimate Parent Company

During 2009 the Partnership's controlling and ultimate parent undertaking was Cadbury plc Cadbury plc is a company registered in England and Wales Cadbury plc is also the largest and the smallest group in which the results of the Company are consolidated for the year ended 31 December 2009 Copies of the Group Financial Statements of Cadbury plc are available from Cadbury House, Uxbridge Business Park, Sanderson Road, Uxbridge, UB8 1DH Following the change of control explained in Note 26 the Partnership's ultimate parent undertaking is Kraft Foods, Inc