

COMPANY REGISTRATION NUMBER: 00155256

**CADBURY UK LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2015**

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**CADBURY UK LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

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# CADBURY UK LIMITED

## STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2015

The directors have pleasure in presenting their strategic report for the year ended 31 December 2015.

### Principal activities and business review

The principal activity of the company during the year was that of a trademark owner. The company receives royalty income and incurs research and development costs, relating to these trademarks, from fellow Mondelez group subsidiaries. The company is also an employer of production employees and makes a recharge for their services to Mondelez UK Confectionery Production Limited.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is PO Box 12, Bournville Lane, Bournville, Birmingham, B30 2LU.

Due to the straightforward nature of the business the company's directors are of the opinion that a detailed analysis using additional key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### Results and dividends

The profit for the financial year, after taxation, amounted to £47,759,000 (2014 - £96,460,000), and the net assets of the company increased to £330,362,000 (2014 - £282,603,000).

The directors do not recommend a dividend to be paid (2014 - £Nil).

The 2014 profit includes an exceptional item within operating profit that is the rebill of one off historical costs, and is not expected to be repeated in future financial statements.

### Principal risks and uncertainties

As the company provides services to Mondelez UK Confectionery Production Limited and ultimately Mondelez Europe GmbH it has limited exposure to price risk, credit risk, liquidity risk and cash flow risk. These are not considered to be material for the assessment of the assets, liabilities and financial position of the company.

As a subsidiary of the Mondelez International Inc. the directors also consider the business risk and uncertainties to be minimal and are further detailed in the financial statements of the ultimate parent company, which are publicly available.

This report was approved by the board of directors on 26/9/16 and signed on behalf of the board by:



D J Shepard  
Director

# **CADBURY UK LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2015**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

### **Directors**

The directors who served the company during the year and to the date of the financial statements being approved unless otherwise stated were as follows:

D Harding-Smith  
D J Shepard  
S Bell

S Bell was appointed as a director on 15 April 2016.

D Harding-Smith resigned as a director on 15 April 2016.

### **Dividends**

Particulars of dividends are detailed in the strategic report.

### **Future developments**

The company will continue to develop its existing activities in accordance with the requirements of the group.

### **Employment of disabled persons**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### **Employee involvement**

It is the company's policy to ensure that no employee or job applicant is treated less favourably than another on the grounds of religion, sexual orientation, disability, race, creed, colour, nationality, ethnic or national origins, sex or marital status.

The company recognises the need to create and support a flexible working environment, incorporating where possible, family friendly policies.

The company believes in and supports the development of a working environment which encourages employee involvement in the business. Information about the company and its business is provided to all employees on matters likely to be of concern to them in team briefings, a company newsletter, an annual report and by other communications. Consultative committees and other employee groups regularly receive information about the business.

Joint consultative committees discuss safety and pension matters. Particular issues are considered and dealt with by elected consultative working parties.

Employee involvement in the company's performance is encouraged through an employee bonus scheme.

# **CADBURY UK LIMITED**

## **DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2015**

### **Financial risk management**

Particulars of risk are detailed in the strategic report.

### **Events after the end of the reporting period**

Particulars of events after the reporting date are detailed in note 21 to the financial statements.

### **Qualifying indemnity provision**

Qualifying third party indemnity provisions and pension scheme indemnity provisions are in force for the company's directors as of the date of this report and were in force for the duration of 2015.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

# CADBURY UK LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2015

### Disclosure of information to auditors

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

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board of directors on 26/9/16 and signed on behalf of the board by:



D J Shepard  
Director

# **CADBURY UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CADBURY UK LIMITED**

**YEAR ENDED 31 DECEMBER 2015**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Cadbury UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

#### **What we have audited**

The financial statements comprise:

- the Statement of financial position as at 31 December 2015;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

# **CADBURY UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CADBURY UK LIMITED** *(continued)*

**YEAR ENDED 31 DECEMBER 2015**

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's shareholders as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.



## CADBURY UK LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CADBURY UK LIMITED (continued)

YEAR ENDED 31 DECEMBER 2015

In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Phil Harrold (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
Birmingham

28 September 2016

**CADBURY UK LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
<b>Turnover</b>	<b>4</b>	<b>122,600</b>	<b>143,452</b>
Cost of sales		<u>(52,333)</u>	<u>(35,173)</u>
<b>Gross profit</b>		<b>70,267</b>	<b>108,279</b>
Administrative expenses		<u>(35,243)</u>	<u>(30,806)</u>
Other operating income	<b>5</b>	<u>14,924</u>	<u>21,351</u>
<b>Operating profit</b>	<b>6</b>	<b>49,948</b>	<b>98,824</b>
Attributable to:			
Operating profit before exceptional items		<b>49,948</b>	81,890
Exceptional items		<u>—</u>	<u>16,934</u>
<b>Operating profit after exceptional items</b>		<b>49,948</b>	<b>98,824</b>
Other interest receivable and similar income	<b>8</b>	<b>667</b>	455
Interest payable and similar charges	<b>9</b>	<u>(2)</u>	<u>(1)</u>
<b>Profit on ordinary activities before taxation</b>		<b>50,613</b>	<b>99,278</b>
Tax on profit on ordinary activities	<b>10</b>	<u>(2,854)</u>	<u>(2,818)</u>
<b>Profit for the financial year and total comprehensive income</b>		<b><u>47,759</u></b>	<b><u>96,460</u></b>

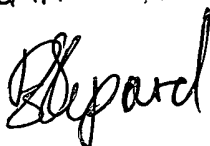
All the activities of the company are from continuing operations.

The notes on pages 11 to 24 form part of these financial statements.

**CADBURY UK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2015**

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Intangible assets	11	6,801	7,240
Tangible assets	12	126	131
Investments in subsidiary undertakings	13	<u>31,049</u>	<u>31,049</u>
		37,976	38,420
 <b>Current assets</b>			
Debtors	14	365,414	292,606
<b>Creditors: amounts falling due within one year</b>	15	<u>(70,390)</u>	<u>(45,235)</u>
<b>Net current assets</b>		295,024	247,371
<b>Total assets less current liabilities</b>		333,000	285,791
 <b>Provisions for liabilities</b>	16	<u>(2,638)</u>	<u>(3,188)</u>
<b>Net assets</b>		<u>330,362</u>	<u>282,603</u>
 <b>Capital and reserves</b>			
Called up share capital	18	49,675	49,675
Profit and loss account	19	<u>280,687</u>	<u>232,928</u>
<b>Total shareholders' funds</b>		<u>330,362</u>	<u>282,603</u>

These financial statements were approved by the board of directors and authorised for issue on 26/9/16....., and are signed on behalf of the board by:



D J Shepard  
Director

Company registration number: 00155256

The notes on pages 11 to 24 form part of these financial statements.

**CADBURY UK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2015**

	Called up share capital £000	Profit and loss account £000	<b>Total £000</b>
<b>At 1 January 2014</b>	49,675	136,468	186,143
Profit for the year	—	96,460	96,460
<b>Total comprehensive income for the year</b>	—	96,460	96,460
<b>At 31 December 2014</b>	49,675	232,928	<b>282,603</b>
Profit for the year	—	47,759	47,759
<b>Total comprehensive income for the year</b>	—	47,759	47,759
<b>At 31 December 2015</b>	<u>49,675</u>	<u>280,687</u>	<u><b>330,362</b></u>

The notes on pages 11 to 24 form part of these financial statements.

# **CADBURY UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2015**

### **1. Statement of compliance**

These financial statements have been prepared in compliance with United Kingdom Accounting Standards including FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', and the Companies Act 2006.

### **2. Accounting policies**

#### **Basis of preparation**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

#### **Transition to FRS 102**

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 23.

#### **Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) The requirement to prepare a statement of cash flows. (Section 7 of FRS 102 and para 3.17(d)).
- (b) reduced financial instrument disclosures. (FRS 102 paras 11.39-11.48A, 12.26-12.29).
- (c) The non disclosure of key management personnel compensation in total. (FRS 102 para 33.7).

This information is included in the consolidated financial statements of Mondelez International Inc., as at 31 December 2015.

#### **Consolidation**

The company is a wholly-owned subsidiary of Mondelez International Inc., and is included in the financial statements of Mondelez International Inc., which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 401 of the Companies Act 2006.

# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 2. Accounting policies *(continued)*

#### **Related party transactions**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned (FRS 102 paragraph 33.1A).

#### **Revenue recognition**

The turnover shown in the profit and loss account represents amounts invoiced and accrued in respect of trademarks due from fellow subsidiary companies in the Mondelez group of companies during the year. Trademark income is recognised when the service that has led to the trademark being charged has been provided, the customer has accepted the charges in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied.

#### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### **(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

##### **(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### **Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 2. Accounting policies *(continued)*

#### **Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

#### **Amortisation**

For the intellectual property created on acquisition of the Cadbury business in 2011, the directors considered the useful life to be 20 years at that time. This calculation reflected the importance of the Cadbury brand in terms of the overall group business, taking into account the book value of the net assets at that point in time, and the expected value to the business of the reliance on and use of the brand for the foreseeable future.

There have been no significant business changes in the intervening period to conclude that this useful life has materially changed. It is expected that the intellectual property generated as a result of the purchase of the Cadbury brand will remain in use and of value for at least the remaining useful economic life. The Cadbury brand and associated revenue streams remain core to the overall business, and this is not expected to change before June 2031 when the current useful economic life expires.

Intellectual Property - 20 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

#### **Tangible assets**

Tangible fixed assets are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

#### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land and buildings - 40 years  
Plant and Machinery - 3 - 20 years

Capital work in progress and freehold land are not depreciated.

# **CADBURY UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**YEAR ENDED 31 DECEMBER 2015**

### **2. Accounting policies *(continued)***

#### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

#### **Provisions for liabilities**

Provisions are recognised where there is a legal or constructive obligation to transfer economic benefits as a result of a past event. The effect of the time value of money on the provisions are not discounted unless material.

#### **Foreign currencies**

##### **(i) Functional and presentation currency**

The company's functional and presentation currency is the pound sterling.

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

#### **Exceptional items**

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.



# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 2. Accounting policies *(continued)*

#### **Employee benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

##### **(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### **(ii) Defined contribution pension plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### **(iii) Multi-employer pension plan**

The company is a member of two multi-employer pension plans, the Cadbury Pension Fund and the Mondelez Retirement Benefits Plan UK. As the company is not able to separately identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were a defined contribution pension scheme.

Under FRS 102, the Cadbury Pension Fund is being reported in the financial statements of Mondelez UK Holdings & Services Limited. The Mondelez Retirement Benefits Plan is being reported in the financial statements of Mondelez UK Limited. Contributions to the scheme are charged to the profit and loss account in the financial year to to which they relate.

##### **(iv) Annual bonus plan**

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 2. Accounting policies *(continued)*

#### Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### (ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Critical judgements in applying the group's accounting policies

##### (i) Multi-employer defined benefit pension scheme

Certain employees participate in a multi-employer defined benefit pension scheme with other companies in the region. In the judgment of the directors, the company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 17 for further details.

#### (b) Key accounting estimates and assumptions

##### (i) Provisions for liabilities (note 16 to the accounts)

The provision relates to two properties and has been calculated to cover the difference between the unavoidable costs of meeting the obligations under the contract less the economic benefits that are expected to be received under it. The provision is recognised as there is a legal or constructive obligation to transfer economic benefits as a result of a previous event.

##### (ii) Intellectual property

For the intellectual property created on acquisition of the Cadbury business in 2011, the directors considered the useful life to be 20 years at that time. This calculation reflected the importance of the Cadbury brand in terms of the overall group business, taking into account the book value of the net assets at that point in time, and the expected value to the business of the reliance on and use of the brand for the foreseeable future.

There have been no significant business changes in the intervening period to conclude that this useful life has materially changed. It is expected that the intellectual property generated as a result of the purchase of the Cadbury brand will remain in use and of value for at least the remaining useful economic life. The Cadbury brand and associated revenue streams remain core to the overall business, and this is not expected to change before June 2031 when the current useful economic life expires.

### 4. Turnover

Turnover arises from:

	2015	2014
	£000	£000
Royalty income	73,243	93,498
Recharges made for the provision of employment services	49,357	49,954
	<u>122,600</u>	<u>143,452</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 5. Other operating income

	2015	2014
	£000	£000
Other operating income	<u>14,924</u>	<u>21,351</u>

### 6. Operating profit

Operating profit or loss is stated after charging/(crediting):

	2015	2014
	£000	£000
Amortisation of intangible assets	439	439
Depreciation of tangible assets	5	4
Exceptional write off of historic costs	—	(16,934)
Operating lease rentals	<u>3,881</u>	<u>4,998</u>

Audit fees for the company are now borne on behalf of the UK group by a fellow subsidiary undertaking and not separately recharged to the company. An estimated allocation of the audit fee for the year is £33,000 (2014 - £33,000) and includes audit related services in relation to reporting to the entity's ultimate parent company.

The company's auditor acted as auditor to the Mondelez Retirement Benefits Plan. The appointment of auditors to the pension scheme and the fees paid in respect of this audit are agreed by the trustees of the scheme who act independently of the company. Pension scheme audit fees are borne by a fellow subsidiary undertaking and not separately recharged to the company.

The exceptional item that arose in operating profit during 2014 was the rebill to another group company of one off historical costs, which is not expected to be repeated in future sets of financial statements.

### 7. Staff costs

The average number of staff employed by the company during the year, including the directors, amounted to:

	2015	2014
	No	No
Production staff	<u>1,086</u>	<u>1,115</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2015	2014
	£000	£000
Wages and salaries	53,844	49,105
Social security costs	3,959	3,925
Other pension costs	<u>10,135</u>	<u>10,976</u>
	<u>67,938</u>	<u>64,006</u>

The directors did not receive any emoluments for their services as directors of the company during the year (2014 - £Nil). The directors were remunerated by other group companies and no recharges were made. It is not possible to apportion the proportion of the directors' work that was done for the company.

# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 8. Other interest receivable and similar income

	2015 £000	2014 £000
Interest on loans to group undertakings	<u>667</u>	<u>455</u>

### 9. Interest payable and similar charges

	2015 £000	2014 £000
Interest on banks loans and overdrafts	<u>2</u>	<u>1</u>

### 10. Tax on profit on ordinary activities

#### Tax expense included in profit or loss

	2015 £000	2014 £000
<b>Current tax:</b>		
UK current tax expense	2,685	2,818
Adjustments in respect of prior periods	(48)	–
Double taxation relief	<u>(2,685)</u>	<u>(2,818)</u>
Total UK current tax	(48)	–
Foreign current tax expense	<u>2,902</u>	2,818
Total current tax	<u>2,854</u>	<u>–</u>
<b>Tax on profit on ordinary activities</b>	<u>2,854</u>	<u>2,818</u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%).

	2015 £000	2014 £000
Profit on ordinary activities before taxation	<u>50,613</u>	<u>99,278</u>
Profit multiplied by the standard rate of tax in the UK	10,249	21,345
Adjustment to tax charge in respect of prior periods	(48)	–
Effect of expenses not deductible for tax purposes	870	95
Effect of capital allowances and depreciation	1	–
Group relief not paid for	(8,435)	(18,622)
Double tax relief	<u>(2,685)</u>	<u>(2,818)</u>
Tax charge on overseas investments	<u>2,902</u>	<u>2,818</u>
Tax on profit on ordinary activities	<u>2,854</u>	<u>2,818</u>

# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 10. Tax on profit on ordinary activities *(continued)*

#### Factors that may affect future tax expense

The company has unrecognised deferred taxation (assets) as follows:

	2015 £000	2014 £000
Not provided for in financial statements:		
Depreciation for period in excess of capital allowances	<u>4</u>	<u>2</u>

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation Tax rate which decreased from 21% to 20% from 1 April 2015.

Further reductions to the UK Corporation Tax rates were enacted as part of the Finance (No 2) Act 2015 which received royal assent on 18 November 2015. These reduce the main corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020.

At 31 December 2015 and 2014 deferred tax assets (measured at the enacted rate at the balance sheet date of 18%) were not recognised as there was no expectation of reversal in the foreseeable future due to the availability of group tax losses.

An additional change to the UK Corporation Tax rate was announced in the chancellor's budgets on 16 March 2016. This proposes a further reduction to the main Corporation Tax rate to reduce it to 17% from 1 April 2020. As this change had not been substantively enacted at the balance sheet date the impact is not included in these financial statements.

### 11. Intangible assets

	Intellectual property £000
<b>Cost</b>	
At 1 Jan 2015 and 31 Dec 2015	<u>8,776</u>
<b>Amortisation</b>	
At 1 January 2015	1,536
Charge for the year	<u>439</u>
<b>At 31 December 2015</b>	<u>1,975</u>
<b>Net book value</b>	
At 31 December 2015	<u>6,801</u>
At 31 December 2014	<u>7,240</u>

# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 12. Tangible assets

	Land and buildings £000	Plant and machinery £000	Total £000
<b>Cost</b>			
At 1 January 2015 and 31 December 2015	<u>108</u>	<u>40</u>	<u>148</u>
<b>Depreciation</b>			
At 1 January 2015	9	8	17
Charge for the year	<u>3</u>	<u>2</u>	<u>5</u>
At 31 December 2015	<u>12</u>	<u>10</u>	<u>22</u>
<b>Net book value</b>			
At 31 December 2015	<u>96</u>	<u>30</u>	<u>126</u>
At 31 December 2014	<u>99</u>	<u>32</u>	<u>131</u>

### 13. Investments in subsidiary undertakings

	Shares in group undertakings £000
<b>Cost</b>	
At 1 January 2015 and 31 December 2015	<u>31,049</u>
<b>Impairment</b>	
At 1 January 2015 and 31 December 2015	<u>-</u>
<b>Net book value</b>	
At 1 January 2015 and 31 December 2015	<u>31,049</u>

The company's investment represents its interest in the following entities:

	Country of incorporation	Principal activity	Holding
Cadbury International Limited	UK	Holding company	100%
LCH. Clearnet Group Limited*	UK	Clearing house	0.01%
The Cocoa Research Association Limited*	UK	Support of cocoa research projects	8.33%
The Ghana Cocoa Growing Research Association Limited*	UK	Support of cocoa research projects	11.11%

The directors believe that the carrying value of the investments in Cadbury International Limited is supported by their underlying net assets. The carrying value of the remaining investments is £Nil (2014 - £Nil).

\*denotes these are indirect holdings

# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 14. Debtors

	2015	2014
	£000	£000
Trade debtors	351	331
Amounts owed by group undertakings	364,104	289,563
Prepayments and accrued income	1	537
Other debtors	958	2,175
	<u>365,414</u>	<u>292,606</u>

Amounts owed by group undertakings include non-trading balances which are unsecured, earn interest at the London Interbank Mean Rate less 0.25% and are repayable on demand.

### 15. Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Bank loans and overdrafts	26	—
Trade creditors	576	25
Amounts owed to group undertakings	59,364	6,942
Accruals and deferred income	8,757	37,071
Social security and other taxes	1,164	1,102
Other creditors	503	95
	<u>70,390</u>	<u>45,235</u>

Amounts owed to group undertakings include non-trading balances which are unsecured, incur interest at the London Interbank Mean Rate plus 0.25% and are repayable on demand.

### 16. Provisions for liabilities

	Onerous leases £000
At 1 January 2015	3,188
Unused amounts reversed	(550)
At 31 December 2015	<u>2,638</u>

Onerous lease provisions relate to the costs of the European integration in respect of the company's ongoing focus on establishing and maintaining operating efficiency.

### 17. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £443,000 (2014: £280,000).



# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 17. Employee benefits *(continued)*

#### Multi-employer scheme

The amount recognised in profit or loss as an expense in relation to multi-employer schemes were £9,692,000 (2014 - £10,696,000).

#### Cadbury Pension Fund

The latest full actuarial valuation of the Cadbury Pension Fund was carried out as at 5 April 2013 using the projected unit credit method.

At 31 December 2015 the company actuary estimated the Cadbury Pension Fund FRS 102 restated deficit of £341,700,000 (2014 restated - £411,700,000) under the projected unit credit method.

The next actuarial valuation of the Fund is currently being undertaken with an effective date of 5 April 2016, as part of the combined Cadbury Mondelez Pension Fund.

#### Mondelez Retirement Benefits Plan

The latest full actuarial valuation of the Mondelez Retirement Benefits Plan was carried out as at 1 April 2013 using the projected unit credit method.

At 31 December 2015 the company actuary estimated the Mondelez Retirement Benefits Plan FRS 102 restated deficit of £71,683,000 (2014 restated - £82,763,000) under the projected unit credit method.

The next actuarial valuation of the Fund is currently being undertaken with an effective date of 5 April 2016, as part of the combined Cadbury Mondelez Pension Fund.

### 18. Called up share capital

#### Authorised share capital

	2015		2014	
	No	£000	No	£000
Ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000</u>	<u>50,000,000</u>	<u>50,000</u>

#### Issued, called up and fully paid

	2015		2014	
	No	£000	No	£000
Ordinary shares of £1 each	<u>49,675,000</u>	<u>49,675</u>	<u>49,675,000</u>	<u>49,675</u>

### 19. Reserves

For the full list of reserve balances please go to page 10 Statement of changes in equity for further details.

# CADBURY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2015

### 20. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
	£000	£000
Not later than 1 year	5,381	5,433
Later than 1 year and not later than 5 years	6,736	11,063
Later than 5 years	419	1,473
	<u>12,536</u>	<u>17,969</u>

Under the requirements of FRS 102, the disclosure for operating leases now shows the total minimum lease payments to be made over the remaining life of the leases. Prior to this change, this disclosure showed the payments committed to be made during the next financial year.

### 21. Events after the end of the reporting period

On 29 April 2016 the Mondelez Retirement Benefits Plan was merged into the Cadbury Pension Fund, becoming the Cadbury Mondelez Pension Fund. There is no impact on the financial statements for the year ending 31 December 2015. Under FRS 102, for the year ending 31 December 2015 the Mondelez Retirement Benefits Plan is being reported in the financial statements of Mondelez UK Limited, and the Cadbury Pension Fund position being reported in the financial statements of Mondelez UK Holdings & Services Limited.

### 22. Controlling party

At 31 December 2015 the immediate parent company was Kraft Foods UK IP & Production Holdings Limited.

At 31 December 2015 the company's ultimate parent company and controlling party was Mondelez International Inc., incorporated in the United States of America. This is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Mondelez International Inc. are available on application from the company Secretary, Cadbury House, Sanderson Road, Uxbridge, UB8 1DH.

### 23. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2014.

No transitional adjustments which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 have been presented as no material changes were identified.