Registered number: 00155256

Cadbury UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

Contents

Strategic report
For the year ended 31 December 2022

The directors present their Strategic report for the year ended 31 December 2022.

Principal activities and business review

The principal activities of the company during the year were:

- trademark owner. The company receives royalty income from fellow Mondelez group subsidiaries. It also incurs research and development costs relating to these trademarks.

- employer of production employees. The company makes a recharge for their services to Mondelez UK Confectionery Production Limited.

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.

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

Mondelez Section 172 statement

Under section 172 of the UK Companies Act 2006 ('Section 172') directors must act in the way that they consider, in good faith, would be most likely to promote the success of their company. In doing so, our directors must have regard to stakeholders and the other matters set out in Section 172.

The company is part of the Mondelez International, Inc. group of companies. As a group, our global purpose is Snacking Made Right, which means offering the right snack, for the right moment, made in the right way.

The right snack: This is about giving people a wide range of high-quality snacks so they can make great informed choices. From indulgent treats to wholesome bites, we want to create snacks that people truly love and feel good about.

For the right moment: This is about making it easy for people to enjoy snacks wherever they are in the world, whatever time of day and to do so mindfully. Our understanding of consumer needs and the connection to our brands is unrivalled. We're also committed to helping our consumers savour the moment and enjoy every bite. While enjoying the snacks they know and love, we are taking steps to help them snack mindfully.

Made the right way: This is about taking the lead in making sure our snacks are not only right for people but also right for the planet - from the raw materials we rely on to the communities we live in and work with and the climate we all need to care for. Our goal is to make a positive impact on our planet. To advance our sustainability efforts and create a future where people and the planet thrive, our goals include:

- By 2025, source 100% of our cocoa from Cocoa Life, our global cocoa sustainability program;
- By 2025, design our packaging to be 100% recyclable; and
- By 2025, reduce end-to-end CO_2 emissions, water usage in priority locations and food waste.

We're also doing what's right for people across our supply chain; we are committed to doing business in the right way, including our ongoing responsibility to respect human rights as well as advocating for labour improvements.

Our comprehensive governance structure provides the foundation for our sustainability efforts at all levels of our organisation. The Governance Committee is directly responsible for overseeing social responsibility, including well-being and environmental and social sustainability. We take a disciplined approach to our sustainability initiatives, are committed to remaining transparent and proactive about our progress, and track, report on and hold people accountable for achieving our goals.

Mondelez Section 172 statement (continued)

Our group Chief Executive Officer and senior executives across our businesses drive home the central message of our Code of Conduct - that integrity and growth go hand-in-hand. To support the right behaviours throughout the company, we have a Business Integrity group led by our Chief Business Integrity Officer.

In light of our purpose, our directors take steps to understand the needs and priorities of each stakeholder group and do so via a number of mediums, including by direct engagement or via their delegated committees and forums. The relevance of each stakeholder may change depending on the matter at hand. In the Directors' report we provide a high-level summary of how we have done this.

Results and dividends

The profit for the financial year amounted to £27,411,000 (2021 - £34,395,000), and the company had net assets of £40,400,000 (2021 - £37,015,000).

During the year, dividends of £24,100,000 were paid (2021 - £31,000,000).

During the prior year, £48,674,973 of share capital was returned to the parent company via a reduction of share capital effected on 16 November 2021.

Principal risks and uncertainties

Market risk
The company is exposed to market price risks in the form of currency risk and interest rate risk arising from its business. The company manages these risks by closely monitoring all relevant available financial information and taking steps to mitigate the risks where appropriate, such as through the matching of the terms and conditions of its assets and liabilities wherever possible.

Credit risk
The company has policies that limit the amount of credit exposure to any single financial institution. The majority of receivables during 2022 were with other members of the group. The directors therefore believe there is limited credit risk arising from these receivables.

Liquidity risk
The company manages liquidity risk by maintaining the Statement of financial position value, net intercompany balance and funding requirements to ensure that the company has access to sufficient available funds for planned operations.

As a subsidiary of Mondelez International Inc., the directors also consider the business risk and uncertainties to be minimal and these 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 24th July 2023 and signed on behalf of the board by:

H. OBr

H J O'Brien
Director

Directors' report
For the year ended 31 December 2022

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

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:

R Gambaccini (resigned 17 April 2023)
T J Gingell (resigned 26 January 2022)
R A Hobman (resigned 30 June 2023)
H J O'Brien (appointed 26 January 2022)
A K Stevenson (appointed 13 July 2023)
J B Vickery
J S C Wheeler (appointed 13 July 2023)
R D Williams (appointed 19 April 2023)

Results and dividends

Particulars of results and 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. None of the future developments are expected to impact the company's ability to continue as a going concern.

Going concern

The company is in a net current asset position and directors have certainty that it will be able to continue to meet its day-to-day working capital requirements through the group's treasury arrangements for the foreseeable future, and for at least the next 12 months from the date of this report.

Where access to working capital, such as the recoverability of the company's receivables, is linked to the operations of wider Mondelez global trading subsidiaries, the directors have taken steps to assess the relative exposure of these debtors and concluded that there is no indication of material risk over recoverability.

In concluding on going concern, the directors have also considered the extent of potential severe but plausible downsides, such as a fall in royalty income or employee recharges driven by a decrease in product demand, however do not consider these events would give rise to going concern implications for the company.

In February 2022, the UK Government announced its 'Plan for Living with COVID-19', removing all remaining domestic restrictions while encouraging behaviours through public health advice, in common with longstanding ways of managing other infectious illnesses. We continue to align with the latest Government guidance for any employees with symptoms or who have tested positive for COVID-19, and have now removed all the additional social distancing and hygiene measures that we put in place as a result of COVID-19. As such, while COVID-19 continued to impact our colleagues and business operations in 2022, it was to a much lesser extent than the prior year.

The directors continue to take all reasonable steps necessary to mitigate the associated risks with Brexit and have strong plans in place so that we can continue to serve our customers and consumers moving forward. We continue to serve customers in Northern Ireland from Great Britain using transitional border agreements, while a finalised agreement between the United Kingdom and the European Union over Great Britain to Northern Ireland border procedures is awaited.

The directors are actively monitoring the situation in Ukraine. Although this doesn't materially directly affect any entities within the United Kingdom, the directors are taking all reasonable steps necessary to mitigate any associated risks to ensure all operational and financial performance is maintained.

Going concern (continued)

As a result of this assessment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the point of approving this Annual Report and Financial Statements. The company therefore continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Streamlined energy and carbon reporting

Guided by our purpose to empower people to snack right, and our ambition to build a more sustainable snacking company, we take a strategic long-term approach as we work to meet our environmental, social and governance (ESG) goals. We call this Snacking Made Right, offering the right snack, for the right moment, made the right way.

For the past few years we have been on a path to reduce our carbon emissions and in 2021 we took a key step forward - committing to a goal of net zero greenhouse gas emissions across our full value chain by 2050. As part of the goal, we have signed the Science Based Targets initiative's (SBTi's) Business Ambition for 1.5°C, aligning our long-term emissions mitigation targets with the aim of limiting temperature rise in accordance with the Paris Agreement. We've also joined the United Nations Race to Zero Campaign to help build momentum towards a decarbonised economy.

To deliver lasting change at scale, we are prioritising where we can have the greatest impact, focusing on innovative and measurable solutions, and collaborating to drive sector-wide transformation. We're taking an end-to-end approach - from field to shelf - to reach our net zero carbon emissions goal by focusing our efforts across key areas and delivering against set targets. As we work toward our goal, we're transforming how we do business - across 150 countries, tens of thousands of suppliers, and hundreds of thousands of farmers. It marks a major step in our differentiated approach to sustainability, focused on driving lasting progress at scale and creating long-term value for our business and stakeholders.

Our climate action plan is focused for impact, prioritising efforts across key areas and delivering against existing goals and targets. We will engage our strategic suppliers, evolve our brand and portfolio, and collaborate with industry partners for greater impact.

We have been calculating and monitoring Scope 1 and Scope 2 emissions for several years, enabling us to gain experience in setting up carbon reduction programs and related metrices and targets as well as the processes and governance required. We have also been calculating our Scope 3 emissions for several years and, as a next step as part of joining the SBTi Race to Net Zero are currently working with our external carbon experts and partners on a planned model revision allowing us to incorporate our Scope 3 interventions into the carbon model, review the materiality of recent acquisitions as well as incorporate planned updates to carbon accounting standards and recommendations set by the SBTi and the GHG Protocol, both targeting to enhance clarity around Scope 3 definitions.

The largest environmental, social and economic impacts related to our business occur outside our direct operations. Approximately 64% of Mondelez International's CO_2 emissions comes from our raw materials. That's why we take an end-to-end approach to reducing our carbon footprint so we can work to reduce emissions within our owned operations and importantly, work to reduce emissions through signature programs designed to achieve more sustainable sourcing of the key raw materials we know have the biggest impact on our overall carbon footprint.

Our Scopes 1 and 2 emissions continue to decrease, reflecting our progress in renewable energy and energy efficiency. In 2022, we reduced our Scopes 1 and 2 (market-based) emissions by approximately 20% versus our 2018 baseline. We increased our emphasis on electrification and alternate fuels in our operations to continue the decarbonisation journey of emission sources within our direct control.

Following the SBTi guidelines, we focus our carbon reduction programs on the categories of GHG emissions that are most impactful for the company.

Energy

Electricity is one of the largest contributors to our manufacturing footprint and so it is a major focus of our carbon reduction efforts. We are aiming to use 100% renewable electricity across Mondelez International manufacturing sites by 2030.

Streamlined energy and carbon reporting (continued)

Energy (continued)
In 2022, approximately 39% of the electricity used in our manufacturing sites was renewable, compared to approximately 32% in 2021. Six of our U.K. production sites are now using 100% purchased external renewable electricity.

In the UK, we have also taken active steps within our car fleet policy to reduce carbon emissions by transitioning to low emission or electric/part electric vehicles. These changes have led to a reduction of 39 tonnes of CO2 between 2020 and 2022.

Waste
We want to do everything we can to eliminate it as part of our ongoing efforts to contribute to a world where resources are looked after and used with care and in turn, carbon emissions are reduced. Although we will continue to measure, track and strive to minimise all kinds of waste in manufacturing, we've decided to dedicate a greater focus towards food waste. This makes sense for a food company like us, especially considering that nearly a third of all food produced for human consumption is lost or wasted. Beyond that, food loss and waste also amount to a major squandering of resources including water, land, energy, labour, and capital, as well as contributing to global GHG emissions.

In 2022 globally, we reduced food waste in internal manufacturing sites by 25%, exceeding our goal of a 15% reduction by 2025 (vs. 2018). We also reduced food waste from distribution by 58%, exceeding our goal of a 50% reduction by 2025 (vs. 2018).

Water
In 2022 globally, we achieved a 14% reduction in water usage at priority sites in areas where water is most scarce. Our 2025 goal (vs. 2018 baseline) is to reduce absolute water use at priority sites by 10%. At our Sheffield site in the UK, the team combined improvement in the jellies pump seals and in the flash vessel tank to reduce water and save energy. The site saved 10,950m3 of water and 150 MWh of energy thanks to these two projects.

Ingredients
Dairy accounts for approximately 21% of our overall carbon footprint, and we are focused on driving this down. By 2025, we aim to reduce end-to-end CO2e emissions by 10%. In the UK and Ireland, 100% of farmers supplying milk for Cadbury Dairy Milk are tracking their GHG emissions on farms and working on action plans to reduce emissions. Approximately 70 farmers in the Selkley Vale group have completed their baseline and are in year two of their reduction program - to date, achieving an 8% reduction vs. baseline. This is equivalent to taking over 6,000 cars off the road.

Data and information specific to Cadbury UK Limited

The total consumption (kWh) figures for energy supplies reportable by Cadbury UK Limited are as follows:

	2022	2021 (Restated*)
	Consumption	Consumption
Utility and Scope	(kWh)	(kWh)
Gas usage (Scope 1)	253,306	323,597
Elecrticity usage (Scope 2)	41,286	41,003
Transportation - grey fleet (Scope 3)	296	-
Total	294,888	364,603

*For restated information, please refer to the below notes.

Streamlined energy and carbon reporting (continued)

The total emission (tCO2e) figures for energy supplies reportable by Cadbury UK Limited are as follows:

	2022	2021 (Restated*)
	Consumption	Consumption
Utility and Scope	(tCO2e)	(tCO2e)
Gas usage (Scope 1)	45.60	59.27
Elecrticity usage (Scope 2)	7.98	8.71
Transportation - grey fleet (Scope 3)	0.05	-
Total	53.63	67.98

*For restated information, please refer to the below notes.

An intensity metric of tCO2e by headcount has been applied for the annual total emissions of Cadbury UK Limited and chosen to align with best practice as set out by the UK Government environmental reporting guidelines. The methodology of the intensity metric calculations are detailed below, and results of this analysis are as follows:

	2022	2021 (Restated*)
Intensity Metric	Intensity Metric	Intensity Metric
(tCO2e)/ headcount	2.44	3.09

*For restated information, please refer to the below notes

Scope 1 and 2 consumption and CO2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. Further details are provided below:

- *Scope 1 – Direct emissions e.g. fuel use, combustion of natural gas*
  Gas usage is recharged from Mondelez UK Confectionery Production Limited to Mondelez UK Services GmbH UK branch for office usage annually. The proportion allocated to Cadbury UK Limited is done on a pro rata basis using the number of employees based in the office as the allocation methodology.

- *Scope 2 – Indirect emissions e.g. electricity purchased*
  Electricity usage is incurred in Mondelez UK Services GmbH UK branch. The proportion allocated to Cadbury UK Limited is done on a pro rata basis using the number of employees based in the office as the allocation methodology. All electricity used in 2021 and 2022 has a Renewable Energy Guarantees of Origin (REGO) certificate.

- *Scope 3 – Other indirect emissions e.g. related emissions from business travel*
  Data is gathered from our business mileage claims system. Expensed and used mileage is collated by individual trip and multiplied by the average CO2/km per class of vehicle.

The 2021 disclosure has been restated due to a review of the allocation metric during the year, and an alternative and more accurate approach adopted, in line with the 2019 UK Government environmental reporting guidance. The figures for disclosure have been amended to report on both kWh and tCO2e, whilst the intensity metric now includes all emissions rather than just grey fleet. The 2021 figures for disclosure have also been amended for Scope 1 due to the calculation being based on actual rather than forecasted data, whilst both Scope 2 and Scope 3 have been further restated due to an error in the underlying 2021 data. For the purposes of transparency and comparability the figures disclosed in the 2021 consumption tables were 433.33 MWh for gas usage (Scope 1), 30.4 MWh for electricity usage (Scope 2) and 1.98 CO2 kg/FTE for indirect grey fleet emissions (Scope 3).

Stakeholder engagement

Employees
Our annual all-colleague survey shares insights to what is important to colleagues; what is working and where we need to improve.

We have built on our strengths by further building on recognition and celebration in our business, through platforms such as the 'Bravos'; our "always on" peer to peer recognition programme. In 2022 alone, UK colleagues received over 6,000 Bravos from each other, building on our culture of thanks and gratitude. Our internal communications platforms connect colleagues on our plans and offer opportunities for dialogue both in person and virtually - driving reach and transparency, leadership and communication.

Colleague well-being has always been at the heart of our business, with a strong recognition that a comprehensive offering can provide benefits to our people and the business outcomes. In 2018, we implemented a new employee well-being offering 'BOOST' which put employee experience at the heart. The support available to colleagues ranges from Mental Health Awareness training and a Mental Health Ally programme, support for colleagues going through the Menopause, to the creation of a Cancer Support scheme in 2022.

In addition to our BOOST programme, our Employee Assistance Programme (EAP) helps our UK employees be at their best, not just at work, but in their personal lives too. Through the EAP (managed by Magellan) practical information, including financial and legal advice as well as resources for family care and counselling on a variety of topics, are available to colleagues and immediate family (such as partner, children, siblings or parents). The service is confidential, free of charge, available 24/7 and has received great feedback. The utilisation is very high compared to benchmark, with 478 cases in 2022.

Further support is offered via our partnership with Grocery Aid who provide emotional, practical and financial support for colleagues working in our industry. Our colleagues can benefit from the support offered and are also active as industry volunteers and fundraisers, giving back to ensure that others can benefit from their services.

Diversity, Equity and Inclusion (DEI) remains central to our agenda in the UK. Our employee 'Inclusion@MDLZ' programmes aim to create a work environment where everyone belongs, can be themselves and flourish wherever they are from, whatever their background, beliefs, preference or style.

Our inclusion agenda uses the power of difference; in service of more powerful business outcomes, to support employees and promoting inclusion not exclusion. These network groups include; Well-being (BOOST), Families@MDLZ, LGBTQ+, GENDA, Young Professionals, Early Careers Network, "See what you don't see" (neurodiversity) and Race Relations Network. In 2022 we grew the series of events and information sessions, which included:

1. LGBTQ+ Allies who are a group of 190 employees coming together every month to talk about important topics such as how to be an ally for people coming out, create awareness through pride celebrations learning and showing support to this community;
2. our Race Relations Network created an allyship for Racial Equality training session for colleagues where they share and discuss topics such as Microaggression and White Privilege & Performative Activism, aiming to have authentic discussions on how we can be better allies in the workplace and what this requires from us as individuals; and
3. finally, our Mental Health Ally programme has over 180 colleagues across all sites and functions who are there to spot the signs, start a conversation, encourage self help, signpost professional support and access support in a mental health crisis.

With the return to the office post pandemic we know that flexibility is a key enabler to creating an inclusive environment for a diverse talent base which leads to enhanced performance. Our offer is built to support different circumstances and teams' needs through hybrid working and role modelling flexible behaviours. This may be from informal flexible working via our all year round flexi hours policy allowing employees to take time back from additional hours worked or enabling cultural bank holiday swaps for ones more culturally relevant.

Stakeholder engagement (continued)

Employees (continued)
We are a partner to 'Diversity & Inclusion in Grocery' which sees more than 80 organisations coming together to drive change in the industry. As a founding member, Mondelez is proud of the role we play alongside our colleagues in the industry. In 2022 as a proud headline partner we hosted a Live Learning Lab to over 1600 delegates at the annual industry conference.

LEAD (Leading Executives Diversity) is a not-for-profit organisation that exists to attract, retain and advance women in the consumer goods and retail sector in Europe through education, leadership and business development. We are a member of LEAD and share this ambition. All of our colleagues have access to the events & content that LEAD runs (there are regular panel discussions & talks from leaders across the industry, covering a range of interesting and relevant topics).

We are proud members of the UN Women convened Unstereotype Alliance looking at diversity, equity and inclusion within advertising and marketing and in particular the representation of women. In 2022, we partnered with Channel 4 and B&Q to support the UnstereotypeAlliance new content series, Conversations for Change. The aim of this series is to offer audiences an informal, inspiring, and personal set of learnings into progressive and unstereotypical storytelling. There is a wealth of insights and lessons shared online and can be reviewed on the 5 episodes of 10 minutes each on the Unstereotype Alliance YouTube Channel.

2022 saw the 10th year of our development programme called Growing Here. This programme of personal and business focused development opportunities, is open to all. One of our values is 'grow every day' and this is further enabled through our online suite of learning tools including the 'Mondelez University'. We promote learning everyday through; everyday experiences, expertise of others and formal courses.

We give full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is our 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.

It is our 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. We continue to grow our inclusive recruitment approach, and we have continued our partnership with the Vercida job board demonstrating our commitment to hiring diverse talent.

In 2022, we launched our first work experience week exclusively for students from our two partners PSALT, young black talent, and upReach, undergraduates from lower socio-economic backgrounds. Along with the work experience we offered insight days and mentoring programs to help support diverse students into the FMCG industry.

In 2022, we were named as a Top Employer in the UK and Europe according to a survey by The Top Employers Institute. The certification recognises the best employers by evaluating companies based on criteria in twenty different areas of employee responsibilities, such as people strategy, work environment, talent programmes and diversity & inclusion.

We believe in and support 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, company newsletters, 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.

Stakeholder engagement (continued)

Customers
Customer interests: We partner with a broad range of retailers such as independent stores, symbol groups, convenience stores, supermarkets/superstores and online customers. We conduct regular interviews and surveys so we can understand our customers' needs, help them grow their business and gain feedback at all levels of our business. Our retail partners are constantly looking to drive category and share growth and of course deliver against their shopper needs as well as deliver value and continue to expand into growing channels such as online or emerging channels. All retailers want products, promotions and experiences which help them differentiate from their competitors but are also increasingly focused on delivering against Health, Sustainability and Packaging needs.

How we engage: Our retail partners work with many functions across our business including front line sales teams, supply chain/customer service and category development. Our retail partners can also access our online customer portals which provide them with the latest news, tools and resources. We engage with our customers in different ways, focused on delivering category growth and of course, to meet shopper needs such as:

- partnering on shopper activations to deliver great in-store experiences or to support retailer initiatives, for example around seasons, sampling, events and/or linking to support customer charities;
- projects and initiatives to deliver on Shopper needs, such as Category reviews or Shopper insights/research;
- initiatives to support people in the FMCG industry such as diversity and inclusion which helps drive personal development and growth; and
- support from field teams calling on 20,000 independent and symbol stores a year offering support and merchandising advice to retailers.

How have we improved our service: The feedback we get from customers is incredibly important to us and we carry out regular surveys so we can continuously improve our customer offer. We have also held a number of category days with customers where we come together to understand the needs of the consumer, shopper and category and work on opportunities so we can meet those needs together. As a result, we've introduced new products that offer consumers greater choice on health and well-being as well as reducing plastic and packaging in our products. We're also working with our partners so they can differentiate themselves and maximise their offer across the categories and channels, in which we operate.

Community
By living our purpose to empower people to "snack right", we believe we can continue to have a positive impact on the lives of our consumers and the world around us, and we are using our scale to have a positive impact on those who help produce and those who consume our products.

We contribute to the local communities in which we operate through donations of funds, in kind donations and colleague time and expertise. Through The Cadbury Foundation we support local and national charities and programmes with a focus on Health and Well-being, Skills and Colleague Passions. We have a huge culture of volunteering and encourage our colleagues to share their time and expertise in their local communities during their working day.

Our Health for Life programme in Birmingham continued to inspire and support school children, teachers, parents and local community members to lead healthier lifestyles through food growing, cooking and physical activity. Over the past 11 years we have reached over 241,000 participants and over 60 Mondelez International volunteers supported the development of our Health for Life community food growing spaces in 2022. Through our involvement in Feeding Britain's Future, led by IGD - together with industry our volunteers reached over 15,000 young people to showcase our industry, the vast number of career opportunities available and how their current studies relate. The Cadbury Foundation also donated £95,000 to local charities that are closest to employees through its 'Your Charity Your Choice' programme.

Stakeholder engagement (continued)

Environment
Our mission is to lead the future of snacking by making snacks that are sustainably sourced using less energy, water, packaging and waste and made with ingredients consumers know and trust. The future of our business depends on a sustainable value chain. We have specific goals to which we hold ourselves accountable, we are continuing to make progress in our efforts and we are committed to being transparent and effective in sharing our progress. This includes the sustainable sourcing of key ingredients, as well as reducing our environmental footprint and protecting the rights of people across our value chain.

Of primary concern to us, our customers and our consumers is packaging waste, with a particular focus on plastic. To support the drive for a circular economy, we are members of the Consumer Goods Forum, Ellen MacArthur Foundation and the UK Plastics Pact.

In 2022, Mondelez International rolled out packaging containing 30% certified recycled plastic across 28 million Cadbury Dairy Milk and Cadbury Mini Snowballs 100g sharing tablets. We also piloted a QR code on our Cadbury, Oreo and Barny packs enabling consumers to access snackingright.com and snack right from consumption through to collection and support their responsible disposal of our packaging through the RecycleNow locator - partnering with WRAP.

Cocoa is the essence of our chocolate and vital to our business and our award winning Cocoa Life programme celebrated its 10 year anniversary in 2021. We were proud to announce the next phase of Cocoa Life with a further $600 million investment to increase our scale and work with 300,000 cocoa farmers by 2030. With this investment, Mondelez International aims to catalyse ground-breaking sector collaboration to help address systemic environmental and human rights challenges and improve cocoa farmer livelihoods.

In July 2022, we released our Human Rights Due Diligence and Modern Slavery report, demonstrating progress against its 2025 ESG goals. The report confirmed progress towards the company's goals to prevent, identify and address potential human rights and modern slavery risks in its own operations and supply chains.

Financial risk management

Particulars of risk are detailed in the Strategic report.

Qualifying indemnity provisions

Qualifying third party indemnity provisions and pension plan 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 2022.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

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

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The board of directors have chosen to reappoint PricewaterhouseCoopers LLP as auditors for the coming financial year.

This report was approved by the board of directors on 24th July 2023 and signed on behalf of the board by:

H. O'Brien

H J O'Brien
Director

Independent auditors' report to the members of Cadbury UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cadbury UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2022; the Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concem basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing of meeting minutes of those charged with governance;
- Identifying and testing journal entries with unusual account combinations; and
- Challenging assumptions and judgements made by management in their accounting estimates and judgements

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members 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.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Alex Smith

Alex Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
27 July 2023

Statement of comprehensive income
For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Turnover	5	142,924	152,699
Cost of sales		(57,343)	(68,461)
Gross profit		85,581	84,238
Administrative expenses		(52,061)	(42,608)
Other operating income	6	15	884
Operating profit	7	33,535	42,514
Interest receivable and similar income	9	607	54
Interest payable and similar expenses	10	(331)	(1)
Profit before taxation		33,811	42,567
Tax on profit	11	(6,400)	(8,172)
Profit for the financial year		27,411	34,395
Other comprehensive income for the year		-	-
Total comprehensive income for the year		27,411	34,395

All activities of the company are from continuing operations.

The notes on pages 18 to 35 form an integral part of these financial statements.

Statement of financial position
As at 31 December 2022

	Note		2022 £000		2021 £000
Fixed assets					
Intangible assets	13		3,734		4,173
Tangible assets	14		93		97
Investments	15		-		-
			3,827		4,270
Current assets					
Debtors	16	110,185		100,309	
Creditors: amounts falling due within one year	17	(73,603)		(67,536)	
Net current assets			36,582		32,773
Total assets less current liabilities			40,409		37,043
Provisions for liabilities	19	(9)		(28)	
			(9)		(28)
Net assets			40,400		37,015
Capital and reserves					
Called up share capital	22		1,000		1,000
Profit and loss account			39,400		36,015
Total equity			40,400		37,015

These financial statements on pages 15 to 35 were approved by the board of directors and authorised for issue on 24th July 2023 and were signed on behalf of the board by:

H. OBr

H J O'Brien
Director

The notes on pages 18 to 35 form an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2022

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	49,675	32,545	82,220
Profit for the financial year	-	34,395	34,395
Total comprehensive income for the year	-	34,395	34,395
Dividends paid (note 12)	-	(31,000)	(31,000)
Credit relating to equity-settled share based payments (note 21)	-	75	75
Reduction and return of capital (note 22)	(48,675)	-	(48,675)
Total transactions with owners recognised directly in equity	(48,675)	(30,925)	(79,600)
At 31 December 2021 and 1 January 2022	1,000	36,015	37,015
Profit for the financial year	-	27,411	27,411
Total comprehensive income for the year	-	27,411	27,411
Dividends paid (note 12)	-	(24,100)	(24,100)
Credit relating to equity-settled share based payments (note 21)	-	74	74
Total transactions with owners recognised directly in equity	-	(24,026)	(24,026)
At 31 December 2022	1,000	39,400	40,400

The notes on pages 18 to 35 form an integral part of these financial statements.

1. General information

The principal activities of the company during the year were:

- trademark owner. The company receives royalty income from fellow Mondelez group subsidiaries. It also incurs research and development costs relating to these trademarks.

- employer of production employees. The company makes a recharge for their services to Mondelez UK Confectionery Production Limited.

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

2. 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.

3. Accounting policies

3.1 Basis of preparation of financial statements

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 4.

3.2 Financial reporting standard 102 - reduced 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) disclosure requirements of Section 26 in respect of share based payments (FRS 102 paras 26.18b, 26.19 - 26.21, 26.23).
(d) 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., for the year ended 31 December 2022.

3.3 Going concern

The company is in a net current asset position and directors have certainty that it will be able to continue to meet its day-to-day working capital requirements through the group's treasury arrangements for the foreseeable future, and for at least the next 12 months from the date of this report.

3. **Accounting policies (continued)**

3.3 Going concern (continued)

Where access to working capital, such as the recoverability of the company's receivables, is linked to the operations of wider Mondelez global trading subsidiaries, the directors have taken steps to assess the relative exposure of these debtors and concluded that there is no indication of material risk over recoverability.

In concluding on going concern, the directors have also considered the extent of potential severe but plausible downsides, such as a fall in royalty income or employee recharges driven by a decrease in product demand, however do not consider these events would give rise to going concern implications for the company.

In February 2022, the UK Government announced its 'Plan for Living with COVID-19', removing all remaining domestic restrictions while encouraging behaviours through public health advice, in common with longstanding ways of managing other infectious illnesses. We continue to align with the latest Government guidance for any employees with symptoms or who have tested positive for COVID-19, and have now removed all the additional social distancing and hygiene measures that we put in place as a result of COVID-19. As such, while COVID-19 continued to impact our colleagues and business operations in 2022, it was to a much lesser extent than the prior year.

The directors continue to take all reasonable steps necessary to mitigate the associated risks with Brexit and have strong plans in place so that we can continue to serve our customers and consumers moving forward. We continue to serve customers in Northern Ireland from Great Britain using transitional border agreements, while a finalised agreement between the United Kingdom and the European Union over Great Britain to Northern Ireland border procedures is awaited.

The directors are actively monitoring the situation in Ukraine. Although this doesn't materially directly affect any entities within the United Kingdom, the directors are taking all reasonable steps necessary to mitigate any associated risks to ensure all operational and financial performance is maintained.

As a result of this assessment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the point of approving this Annual Report and Financial Statements. The company therefore continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

3.4 Consolidated financial statements

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.

These financial statements are the company's separate financial statements (FRS 102, 9.27(a)).

3.5 Related party transactions

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

3. Accounting policies (continued)

3.6 Revenue recognition

The turnover shown in the Statement of comprehensive income represents amounts invoiced and accrued in respect of royalties due from, and the recharge for the provision of employment services to, fellow subsidiary companies in the Mondelez group of companies during the year. Royalties are recognised when the service that has led to the royalty 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. Employee service recharges are recognised at the point that the related payroll costs are incurred.

3.7 Taxation

Tax on profit for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of comprehensive income, 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.

The company is part of a UK tax group for the purposes of group relief, whereby current taxable profits can be offset by current taxable losses of related companies in the same tax group. Where group relief is claimed, payment for these losses is made by the claimant company to the surrendering company equal to the tax benefit.

(ii) Deferred tax

Deferred tax arises from timing 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 the 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.

3.8 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.

3. Accounting policies (continued)

3.9 Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and 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 the amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

3.10 Tangible assets

Tangible assets are stated at historical 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, representing capital items being constructed or not yet in use and freehold land are not depreciated.

3.11 Investments

Investments in subsidiary and group 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.

Impairment

At each financial year end assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

3. Accounting policies (continued)

3.11 Investments (continued)

Impairment (continued)

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss within the Statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in profit or loss within the Statement of comprehensive income, within administrative expenses, aligned to where the original charge was recognised.

3.12 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 is not discounted unless material.

3.13 Foreign currency translation

(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 Statement of comprehensive income.

3.14 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.

3. Accounting policies (continued)

3.14 Employee benefits (continued)

(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 the Statement of comprehensive income in the period in which it arises.

(iii) Multi-employer pension plan

The company is a member of a multi-employer pension plan, the Cadbury Mondelez Pension Fund. As it is not possible for the participating companies to obtain sufficient information to enable them to account for the plan as a defined benefit plan, they account for the plan as a defined contribution plan. Mondelez UK Holdings & Services Limited, as the sponsoring employer, accounts for the whole plan within its financial statements as a defined benefit plan.

Contributions to the plan are charged to the Statement of comprehensive income in the financial year to which they relate.

(iv) Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the Statement of comprehensive income 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.

(v) Share based payments

The company has chosen to adopt Section 26 of FRS 102 in respect of share based payments.

Equity-settled share based payment transactions for employee services received are measured at fair value and recognised as an expense spread over the service periods for share awards expected to vest. The corresponding credit is recognised in retained earnings as a component of equity. The fair value is measured by reference to the number and market value of the equity instruments at the date of the grant. At each Statement of financial position date the company revises its estimates of the number of awards that are expected to vest and recognises the impact in the income statement with a corresponding adjustment to equity. Recharges to the company when share awards have vested are recognised when paid and accounted for as a decrease in equity.

3.15 Financial instruments

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

(i) Financial assets

Basic financial assets, including trade, intercompany and other receivables and cash and bank balances, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

3. **Accounting policies (continued)**

3.15 Financial instruments (continued)

(i) Financial assets (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of comprehensive income.

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, intercompany and other payables and loans from fellow group companies 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 payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 measure at amortised cost using the effective interest rate method.

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

3.16 Other operating income

Other operating income relates to operating contributions received from group undertakings.

3.17 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the shareholders at an annual general meeting. All dividend distributions are recognised in reserves.

3.18 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

3.19 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of associated capital instruments. Bank charges are recognised in the period in which they are incurred.

3. Accounting policies (continued)

3.20 Cash pooling

The company meets its day-to-day working capital requirements through a combination of loans and through access to funds as part of the Mondelez International group's cash pooling arrangement, of which Mondelez International Finance AG (MIF), a related company based in Switzerland, is the pool leader. Under the cash pooling arrangements, there is no cash held by the company - all balances are deposited in the cash pool at the end of business on each day. The company therefore has a £NIL cash balance.

The value of the current facility is £58,845,000 and this balance is presented within amounts owed by group undertakings within debtors as at the year end (2021 - £24,911,000, presented within amounts owed by group undertakings within debtors). There are not considered to be limits to the available facility within the normal course of business. This is agreed as a rolling facility which is an integrated part of the Mondelez International Inc. group operations.

4. Critical accounting judgements and estimate 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 plan (note 20)

Certain employees participate in a multi-employer defined benefit pension plan with other companies in the region. In the judgement 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 plan is accounted for as a defined contribution plan.

(b) Key accounting estimates and assumptions

The directors do not consider there to be any key accounting estimates and assumptions included in preparing the financial statements.

5. Turnover

The whole of the turnover and profit before tax is attributable to the principal activities of the company during the year, split as follows:

	2022 £000	2021 £000
Royalty income	82,180	76,475
Income from the provision of employment services	60,744	76,224
	142,924	152,699

An analysis of turnover by geographical market is as follows:

	2022 £000	2021 £000
United Kingdom	61,581	74,602
Europe	46,935	44,444
Rest of the world	34,408	33,653
	142,924	152,699

The turnover and profit before tax are attributable to the principal activities of the company during the year.

6. Other operating income

	2022 £000	2021 £000
Rental income	15	884
	15	884

7. Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible assets	4	5
Amortisation of intangible assets	439	439
Other operating lease rentals	1,297	2,989
Staff costs (note 8)	57,417	68,536
Exchange differences	155	20

All audit costs of the company are 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 £16,000 (2021 - £16,000). There were no amounts paid to the auditors in respect of non-audit fees in either year relating to this company.

8. Staff costs

The average monthly number of employees during the year was as follows:

	2022 No.	2021 No.
Production staff	785	818
Administrative staff	24	22
	809	840

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

	2022 £000	2021 £000
Wages and salaries	46,410	55,102
Social security costs	5,203	4,643
Other pension costs	5,730	8,716
Equity-settled share based payments (note 21)	74	75
	57,417	68,536

The directors are remunerated for their services to the group as a whole and not for their specific services to the company. The directors did not receive any emoluments for their services as directors of the company during the year (2021 - £NIL). The directors were remunerated by other group companies and no recharges were paid nor are payable for their services. It is not possible to apportion the proportion of the directors' work that was done for the company.

9. Interest receivable and similar income

	2022 £000	2021 £000
Interest on loans to group undertakings	607	54
	607	54

10. Interest payable and similar expenses

	2022 £000	2021 £000
Bank charges	1	1
Other charges	330	-
	331	1

11. Tax on profit

	2022 £000	2021 £000
Current tax		
Current UK tax on profits for the year	6,586	8,186
Adjustment in respect of previous periods	(170)	-
Total UK current tax	6,416	8,186
Foreign tax relief/other relief	(312)	(274)
	6,104	7,912
Foreign tax on income for the year	315	267
Total current tax	6,419	8,179
Deferred tax		
Origination and reversal of timing differences	(15)	(13)
Tax rate differences	(4)	6
Total deferred tax (note 18)	(19)	(7)
Tax on profit	6,400	8,172

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%). The differences are explained below:

	2022 £000	2021 £000
Profit before tax	33,811	42,567
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	6,424	8,088
Effects of:		
Expenses not deductible for tax purposes	147	84
Double taxation relief	(312)	(274)
Tax rate differences	(4)	7
Adjustments in respect of prior periods	(170)	-
Foreign tax on income for the year	315	267
Total tax charge for the year	6,400	8,172

Factors that may affect future tax charges

The Finance Act 2021 received royal assent on 10 June 2021 and included an increase to the UK's main corporation tax rate to 25% from 1 April 2023.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rate enacted at the reporting date. Consequently deferred tax assets at 31 December 2022 are calculated using the 25% enacted tax rate (2021 - 25%).

12. Dividends paid

	2022 £000	2021 £000
Dividends paid to immediate parent company	24,100	31,000
	24,100	31,000

Dividends of £24.1 per ordinary share were paid during the year (2021 - £31).

13. Intangible assets

	Intellectual property £000
Cost	
At 1 January 2022	8,781
At 31 December 2022	8,781
Accumulated amortisation	
At 1 January 2022	4,608
Charge in the year	439
At 31 December 2022	5,047
Net book value	
At 31 December 2022	3,734
At 31 December 2021	4,173

14. Tangible assets

	Land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2022	108	40	148
At 31 December 2022	108	40	148
Accumulated depreciation			
At 1 January 2022	28	23	51
Charge in the year	3	1	4
At 31 December 2022	31	24	55
Net book value			
At 31 December 2022	77	16	93
At 31 December 2021	80	17	97

15. Investments

	Shares in group undertakings £000
Cost	
At 1 January 2022	3
At 31 December 2022	3
Accumulated impairment	
At 1 January 2022	3
At 31 December 2022	3
Net book value	
At 31 December 2022	-
At 31 December 2021	-

15. Investments (continued)

Subsidiary and group undertakings

The company's investments represent its interest in the following entities:

Name	Registered office	Principal activity	Holding
The Cocoa Research Association Limited	Knightlands, North Benfleet Hall Road, North Benfleet, Wickford, Essex, SS12 9JR	Support of cocoa research projects	8.33%
The Ghana Cocoa Growing Research Association Limited	Knightlands, North Benfleet Hall Road, North Benfleet, Wickford, Essex, SS12 9JR	Support of cocoa research projects	11.11%

The carrying value of the remaining investments is £NIL (2021 - £NIL).

16. Debtors

	2022 £000	2021 £000
Trade debtors	5	21
Amounts owed by group undertakings	107,823	99,939
Other debtors	291	349
Prepayments and accrued income	2,066	-
	110,185	100,309

Amounts owed by group undertakings include non-trading balances which are unsecured, earn interest at the market reference rate of overnight deposit less 0.125%, with a floor at 0% (2021 - market reference rate of overnight deposit less 0.125%, with a floor at 0%), and are repayable on demand.

17. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Bank overdrafts	3	-
Trade creditors	443	529
Amounts owed to group undertakings	59,888	41,794
Corporation tax	6,266	8,074
Other taxation and social security	1,172	1,307
Other creditors	1,684	12,272
Accruals and deferred income	4,147	3,560
	73,603	67,536

18. Deferred tax

The deferred tax included in the Statement of financial position is as follows:

	2022 £000	2021 £000
Included in provisions for liabilities (note 19)	(9)	(28)
	(9)	(28)

The deferred tax liability consists of the tax effect of timing differences in respect of:

	2022 £000	2021 £000
Fixed asset timing differences	2	3
Short term timing differences - trading	(11)	(31)
	(9)	(28)

The Finance Act 2021 received royal assent on 10 June 2021 and included an increase to the UK's main corporation tax rate to 25% from 1 April 2023.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rate enacted at the reporting date. Consequently deferred tax assets at 31 December 2022 are calculated using the 25% enacted tax rate (2021 - 25%).

19. Provisions for liabilities

	Deferred tax £000
At 1 January 2022	28
Charged to profit & loss	(19)
At 31 December 2022	9

20. Employee benefits

Defined contribution plans

The amount recognised in the Statement of comprehensive income as an expense in relation to defined contribution plans was £3,999,000 (2021 - £1,432,000).

Multi-employer plan

The amount recognised in the Statement of comprehensive income as an expense in relation to multi-employer plans was £1,731,000 (2021 - £7,284,000).

At 31 December 2022, the company actuary estimated the Cadbury Mondelez Pension Fund to have a surplus of £248,200,000 (2021 - £325,500,000) under the projected unit credit method. The latest full actuarial valuation was carried out as at 5 April 2022.

21. Share based payments

Mondelez International Inc. have issued equity share-based payments to certain company employees and as such full disclosure is provided within the group financial statements of Mondelez International Inc.

The total expense recognised in the Statement of comprehensive income for the year is as follows:

	2022 £000	2021 £000
Equity-settled share based payments	74	75
	74	75

22. Called up share capital

	2022 £000	2021 £000
Authorised		
50,000,000 (2021 - 50,000,000) Ordinary shares of £1 each	50,000	50,000
Issued, called up and fully paid		
1,000,000 (2021 - 1,000,000) Ordinary shares of £1 each	1,000	1,000

On 16 November 2021, under chapter 2, part 13 of the Companies Act 2006, the board of directors passed a special resolution in order to reduce the ordinary £1 share capital of the company by 48,674,973 shares.

23. Operating leases

At 31 December the company had aggregate future minimum lease payments under non-cancellable operating leases as follows:

	2022 £000	2021 £000
Not later than 1 year	2,342	2,358
Later than 1 year and not later than 5 years	6,441	8,844
	8,783	11,202

24. Controlling party

At 31 December 2022 the immediate parent company was Kraft Foods UK IP & Production Holdings Limited.

At 31 December 2022 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.