Registered number: 00465012

Cadbury Schweppes Finance Limited

Annual report and Financial statements

For the year ended 31 December 2019

Cadbury Schweppes Finance Limited

Contents

Strategic report
For the year ended 31 December 2019

The directors present their Strategic report for the year ended 31 December 2019.

Principal activities and business review

The principal activity of the company during the year was the management of intercompany loans and derivatives.

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 Cadbury House, Sanderson Road, Uxbridge, Middlesex, UB8 1DH.

Results and dividends

The profit for the financial year amounted to £2,121,000 (2018 - £2,814,000) and at the year end the company had net assets of £88,423,000 (2018 - £86,588,000).

During the year no dividends were paid (2018 - £NIL).

Key performance indicators

The directors believe that the company's key performance indicators include those measures used to monitor adherence to the group's treasury policies which address risk management for the group. These measures and the risks which they mitigate include the forecast notional value of currency exposure to monitor currency risk. These and other measures are discussed below.

Principal risks and uncertainties

Foreign currency exchange risk
The company has exposure to foreign currency exchange risk from currency borrowings; it manages this risk through the use of cross currency interest rate swaps.

Credit risk
The company has implemented policies that require appropriate credit checks on potential and existing partners before trades are made. The amount of any exposure to any individual counterparty is subject to a limit which is reassessed regularly. The company minimises its credit risk by entering into transactions with high quality counterparties with investment grade credit ratings, limiting the amount of exposure that the company has with each counterparty and monitoring the financial condition of the counterparties. The maximum exposure to credit risk is represented by the carrying value of the financial assets held on the balance sheet.

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

Cash flow risk
The company has limited exposure to cash flow risk.

As a subsidiary of 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.

Strategic report (continued)
For the year ended 31 December 2019

This report was approved by the board of directors on 3rd September 2020 and signed on behalf of the board by:

T J Gingell
Director

Directors' report
For the year ended 31 December 2019

The directors present their Annual report and the audited Financial statements of the company for the year ended 31 December 2019.

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:

A J P Arrighi
M B Foye
J M Hladusz
C N Keene (resigned 30 September 2019)
T J Gingell (appointed 1 October 2019)

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 meets its day-to-day working capital requirements through the group's treasury arrangements. The directors have a reasonable expectation that the company has adequate resources to continue in operation 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.

The severity, magnitude and duration of the current COVID-19 pandemic is uncertain, rapidly changing and hard to predict. In 2020, COVID-19 has, and will continue to, significantly impact economic activity and markets around the world, and it has the potential to negatively impact our business. The ultimate impact of these disruptions also depends on events beyond our knowledge or control, including the duration and severity of any outbreak and actions taken by parties other than us to respond to them. However, the company is not directly exposed to trading fluctuations and our internal review, based on experience to date and a reserved expectation for the months to come, does not highlight significant financial constraints. Where the recoverability of the company's receivables is linked to the operations of its global trading subsidiaries, we have taken steps to assess the relative exposure of these debtors, and whilst there is no indication of material risk over recoverability, we remain vigilant in this rapidly changing environment and versatile when adapting to challenges. Any new dramatic change has the potential to negatively impact this position as the outbreak continues to spread around the world.

Whilst the terms on which the United Kingdom might continue to trade with the European Union are not fully determined and it is difficult to evaluate the potential impact on the business and the wider economy, the directors consider that they have taken all reasonable steps necessary to mitigate the associated risks and have confirmed that in the event of any financial ramifications, the company would continue to be supported by the Mondelez International Inc. group. During the transition period, we continue to take protective measures in response to the potential impacts on our results of operations and financial condition.

Financial risk management

Particulars of risk are detailed in the Strategic report.

Qualifying indemnity provisions

Qualifying third party 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 2019.

Charitable donations

The Mondelez group of companies make charitable contributions but these are facilitated by a fellow subsidiary entity of the group and not directly by Cadbury Schweppes Finance Limited.

Statement of directors' responsibilities

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 the directors must not approve the Financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 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.

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.

Directors' confirmations

Each of the directors, whose names are listed in the Directors' report confirm that, to the best of their knowledge:

- the company Financial statements, which have been prepared 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), give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

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 3rd September 2020 and signed on behalf of the board by:

T J Gingell
Director

Independent auditors' report to the members of Cadbury Schweppes Finance Limited

Report on the audit of the Financial statements

Opinion

In our opinion, Cadbury Schweppes Finance Limited's Financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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, comprising 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 2019; the Statement of comprehensive income and the 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the Financial statements is not appropriate; or
- the directors have not disclosed in the Financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial statements are authorised for issue.

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

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.

Report on the audit of the Financial statements (continued)

Reporting on other information (continued)

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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 set out on page 4, 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.

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.

Independent auditors' report to the members of Cadbury Schweppes Finance Limited (continued)

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 received 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.

Steven Kentish (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
Date: 7 September 2020

Statement of comprehensive income
For the year ended 31 December 2019

	Note	2019 £000	2018 £000
Interest receivable and similar income	5	3,186	4,399
Interest payable and similar expenses	6	(279)	(683)
Profit before taxation		2,907	3,716
Tax on profit	7	(786)	(902)
Profit for the financial year		2,121	2,814
Other comprehensive income for the year			
(Loss)/gain on cash flow hedged derivatives		(345)	225
Movement on deferred tax relating to hedging reserve		59	53
Other comprehensive (expense)/income for the year		(286)	278
Total comprehensive income for the year		1,835	3,092

All activities of the company are from continuing operations.

The notes on pages 12 to 25 form an integral part of these Financial statements.

Statement of financial position
As at 31 December 2019

	Note		2019 £000		2018 £000
Current assets					
Debtors: amounts falling due after more than one year	8	26,674		28,022	
Debtors: amounts falling due within one year	8	63,171		78,950	
		89,845		106,972	
Creditors: amounts falling due within one year	9	(1,422)		(19,410)	
Net current assets			88,423		87,562
Total assets less current liabilities			88,423		87,562
Creditors: amounts falling due after more than one year	10		-		(974)
Net assets			88,423		86,588
Capital and reserves					
Called up share capital	16		12,000		12,000
Share premium account	18		45,219		45,219
Hedging reserve	18		(546)		(260)
Profit and loss account	18		31,750		29,629
Total equity			88,423		86,588

These Financial statements on pages 9 to 25 were approved by the board of directors and authorised for issue on 3rd September 2020 and were signed on behalf of the board by:

T J Gingell
Director

The notes on pages 12 to 25 form an integral part of these Financial statements.

Statement of changes in equity
For the year ended 31 December 2019

	Called up share capital	Share premium account	Hedging reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	12,000	45,219	(538)	26,815	83,496
Comprehensive income for the year					
Profit for the financial year	-	-	-	2,814	2,814
Gain on cashflow hedged derivatives	-	-	225	-	225
Movement on deferred tax relating to hedging reserve (note 11)	-	-	53	-	53
Other comprehensive income for the year	-	-	278	-	278
Total comprehensive income for the year	-	-	278	2,814	3,092
At 31 December 2018 and 1 January 2019	12,000	45,219	(260)	29,629	86,588
Comprehensive income for the year					
Profit for the financial year	-	-	-	2,121	2,121
Loss on cashflow hedged derivatives	-	-	(345)	-	(345)
Movement on deferred tax relating to hedging reserve (note 11)	-	-	59	-	59
Other comprehensive expense for the year	-	-	(286)	-	(286)
Total comprehensive (expense)/income for the year	-	-	(286)	2,121	1,835
At 31 December 2019	12,000	45,219	(546)	31,750	88,423

The notes on pages 12 to 25 form an integral part of these Financial statements.

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

2.1 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.

2.2 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)).

This information is included in the consolidated Financial statements of Mondelez International Inc., for the year ended 31 December 2019.

2.3 Going concern

The company meets its day-to-day working capital requirements through the group's treasury arrangements. The directors have a reasonable expectation that the company has adequate resources to continue in operation 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.

The severity, magnitude and duration of the current COVID-19 pandemic is uncertain, rapidly changing and hard to predict. In 2020, COVID-19 has, and will continue to, significantly impact economic activity and markets around the world, and it has the potential to negatively impact our business. The ultimate impact of these disruptions also depends on events beyond our knowledge or control, including the duration and severity of any outbreak and actions taken by parties other than us to respond to them. However, the company is not directly exposed to trading fluctuations and our internal review, based on experience to date and a reserved expectation for the months to come, does not highlight significant financial constraints. Where the recoverability of the company's receivables is linked to the operations of its global trading subsidiaries, we have taken steps to assess the relative exposure of these debtors, and whilst there is no indication of material risk over recoverability, we remain vigilant in this rapidly changing environment and versatile when adapting to challenges. Any new dramatic change has the potential to negatively impact this position as the outbreak continues to spread around the world.

Whilst the terms on which the United Kingdom might continue to trade with the European Union are not fully determined and it is difficult to evaluate the potential impact on the business and the wider economy, the directors consider that they have taken all reasonable steps necessary to mitigate the associated risks and have confirmed that in the event of any financial ramifications, the company would continue to be supported by the Mondelez International Inc. group. During the transition period, we continue to take protective measures in

2. Accounting policies (continued)

2.3 Going concern (continued)

response to the potential impacts on our results of operations and financial condition.

2.4 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).

2.5 Taxation

Taxation 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 respective.

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.

2. Accounting policies (continued)

2.6 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

2.7 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.

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

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 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 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

2. Accounting policies (continued)

2.7 Financial instruments (continued)

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 payable are recognised initially at transaction price and subsequently measured 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.

(iii) Derivative Financial Instruments

Derivatives, including interest rate swaps and cross currency interest rate swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of comprehensive income in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

All financial instruments held at fair value are considered to be at level 2 in the fair value hierarchy. The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques that utilise observable market data. The key assumptions used in valuing the derivatives are forward exchange rates for the Pound Sterling and Indian Rupee and zero coupon risk free forward yield curves.

(iv) Hedging arrangements

The group does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

The group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the Statement of comprehensive income.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probably, the hedged debt instrument is derecognised or the hedging instrument is terminated.

2.8 Interest income

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

2. Accounting policies (continued)

2.9 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 the associated capital instrument. Bank charges are recognised in the period in which they were incurred.

2.10 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 £16,987,000 and this balance is presented within amounts owed by group undertakings within debtors as at the year end (2018 - £15,418,000, presented within amounts owed to group undertakings within creditors). 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.

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.

Due to the simple nature of the business, the directors have not identified any critical accounting judgements.

(a) Key accounting estimates and assumptions

Fair value of derivative financial instruments

The interest rate swaps and cross currency interest rate swaps are measured at fair value, which is determined using valuation techniques that utilise observable inputs. Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

4. Operating profit

The directors are remunerated for their services to the group as a whole and not for their specific service to the company. The directors did not receive any emoluments for their services as directors of the company during the year (2018 - £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. Directors' remuneration is disclosed in full within the consolidated Annual report of Mondelez International, Inc.

All administrative costs of the company are borne on behalf of the company by a fellow subsidiary undertaking and not recharged to the company. An estimated allocation of the audit fee for the year is £5,000 (2018 - £5,000) and includes audit related services in relation to reporting to the entity's ultimate parent company. There were no amounts paid to the auditors in respect of non-audit fees in either year.

No staff are employed by the company (2018 - None). All activities relating to the company are performed by staff employed by other companies within the group. There are no recharges payable by the company for these activities and hence it is not possible to determine the related employee costs. Employee costs are disclosed in full within the consolidated Annual report of Mondelez International, Inc.

5. Interest receivable and similar income

	2019 £000	2018 £000
Interest on loans to group undertakings	3,041	4,248
Fair value gain on derivatives	-	6
Recycled gains on derivative instruments	145	145
	3,186	4,399

6. Interest payable and similar expenses

	2019 £000	2018 £000
Interest on loans from group undertakings	178	182
Foreign exchange losses	101	501
	279	683

7. Tax on profit

	2019 £000	2018 £000
Corporation tax		
Current UK tax on profits for the year	552	642
Foreign tax relief/other relief	(359)	(642)
Total UK Current tax	193	-
Foreign tax		
Foreign tax on income for the year	593	902
	593	902
Total current tax	786	902
Tax on profit	786	902

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit before tax	2,907	3,716
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	552	706
Effects of:		
Foreign tax suffered	593	902
Double taxation relief	(359)	(642)
Group relief not paid for	-	(64)
Total tax charge for the year	786	902

7. Tax on profit (continued)

Factors that may affect future tax charges

On 17 March 2020, UK Budget resolutions were passed setting the UK corporation tax rate at 19%. The company has calculated its deferred tax at a rate of 17% which reflects the corporation tax rate enacted at the balance sheet date.

The company estimates the total impact from this future rate change on deferred tax is an increase to the net deferred tax asset of £13,000.

8. Debtors

	2019 £000	2018 £000
Amounts falling due after more than one year		
Amounts owed by group undertakings	26,365	28,022
Derivative financial assets	309	-
	26,674	28,022

	2019 £000	2018 £000
Amounts falling due within one year		
Amounts owed by group undertakings	63,059	78,897
Deferred taxation	112	53
	63,171	78,950

Amounts owed by group undertakings consist of group loans. One is denominated in Indian Rupee (INR), which is repayable between 2020 and 2023, attracts interest at a coupon rate of 11% per annum, and is apportioned between amounts falling due within and due after more than one year. One other loan is denominated in Czech Koruna which is repayable in 2020, attracts interest at 3.25%, and is included within amounts due within one year.

The remainder includes non-trading balances which are unsecured, earn interest at the London Interbank Offered Rate less 0.125%, with a floor at 0%, and are repayable on demand.

None of the financial assets are past due and are expected to be fully recoverable.

9. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	-	15,418
Corporation tax	194	-
Derivative financial liabilities	1,228	3,992
	1,422	19,410

Further details on the above balances are provided in note 10.

10. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Derivative financial liabilities	-	974
	-	974

The derivative financial liabilities include one (2018 – two) cross currency interest rate swap.

The one fixed rate cross currency interest rate swap is with Standard Chartered with a fair value of £Nil (2018 - £2,164,000), which was repaid during 2019, and Citibank with a fair value of £919,000 (2018 - £2,802,000), with repayments to 2023.

Further information on the borrowings and derivatives is included in notes 13 and 17.

All financial instruments held at fair value are all considered to be at level 2 (2018 - level 2) in the fair value hierarchy.

Amounts owed to group undertakings include non-trading balances which are unsecured, incur interest at the London Interbank Offered Rate plus 0.375% and are repayable on demand, and was repaid in full during 2019.

11. Deferred taxation

	2019 £000	2018 £000
At start of year	53	-
Charged to hedging reserve and recognised through other comprehensive income	59	53
At end of year	112	53

11. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Short term timing differences - trading	112	53
	112	53

The net amount of deferred tax asset expected to reverse within one year of the balance sheet date based on expected movements in short term timing differences is £112,000.

Factors that may affect future tax charges

On 17 March 2020, UK Budget resolutions were passed setting the UK corporation tax rate at 19%. The company has calculated its deferred tax at a rate of 17% which reflects the corporation tax rate enacted at the balance sheet date.

The company estimates the total impact from this future rate change on deferred tax is an increase to the net deferred tax asset of £13,000.

12. Capital management

The company considers its capital to be comprised of total equity as per the statement of financial position. In managing its capital the primary objective is to ensure that the company is able to continue to operate as a going concern and to maximise return to shareholders through a combination of capital growth and distributions. The company seeks to maintain a ratio of debt to equity that both balances risks and returns at an acceptable level and retains sufficient funds to comply with lending covenants, achieve working capital targets and meet investment requirements. The board reviews the company's dividend policy and funding requirements at least once a year.

13. Financial commitments

During the year, the company had credit related exposures due to the risk of non-performance by counterparties to financial instruments, but, none of those counterparties failed to meet their obligations due to the company's policy of selecting only counterparties with high credit ratings. The exposure to credit loss of liquid assets is equivalent to the carrying value on the balance sheet. At the reporting date the maximum credit exposure of interest rate contracts is represented by the fair value of contracts with a positive fair value.

During 2016 the company entered into a cross currency interest rate swap with Citibank, consisting of an INR payable at 9.35% and a GBP receivable at 2.73%. The purpose of this swap was to better match cashflows, arising on a new INR intercompany loan. The company has opted to apply cashflow hedge accounting to this swap and the underlying INR loan. The swap is due to expire on 7 October 2023.

14. Analysis of hedging reserve

	2019 £000	2018 £000
Balance brought forward	(260)	(538)
Movements during the year		
Fair value gain	(421)	131
Amortisation of undesignated derivatives	(145)	(145)
Recycling FX	(1,943)	(2,925)
Recycling interest	2,164	3,164
Deferred tax (note 11)	59	53
Balance carried forward	(546)	(260)

15. Treasury risk management

At the reporting date, the principal activity of the company is the management of intercompany loans and external derivatives.

16. Called up share capital

	2019 £000	2018 £000
Authorised, Issued, called up and fully paid		
48,001,000 (2018 - 48,001,000) Ordinary shares of £0.25 each	12,000	12,000

17. Borrowings, derivatives and other financial instruments

The table below shows a detailed analysis of liabilities as at 31 December 2019:

	Amounts due within one year £000	Amounts due after more than one year £000
Non-interest bearing debt and other liabilities		
Fair value of derivatives in a hedging relationship	1,228	(309)
	1,228	(309)

17. Borrowings, derivatives and other financial instruments (continued)

The table below shows a detailed analysis of liabilities as at 31 December 2018:

	Amounts due within one year £000	Amounts due after more than one year £000
Non-interest bearing debt and other liabilities		
Fair value of derivatives in a hedging relationship	3,992	974
Non-derivative financial liabilities		
Amounts owed to group undertakings	15,418	-
	19,410	974

Financial liabilities analysis

The table below analyses the company's financial liabilities by relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances will not necessarily agree with the amounts disclosed in the balance sheet.

Financial liabilities analysis as at 31 December 2019:

	Within 1 year or on demand £000	**Between 1-2 years** £000	**Between 2-3 years** £000	**Between 3-4 years** £000	**Total** £000
Derivatives - gross settled					
Gross inflows	12,847	386	389	14,696	28,318
Gross outflows	(14,085)	(1,225)	(1,164)	(12,686)	(29,160)

Financial liabilities analysis as at 31 December 2018:

	Within 1 year or on demand £000	*Between 1-2 years* £000	*Between 2-3 years* £000	*Between 3-4 years* £000	*Between 4-5 years* £000	*Total* £000
Amounts owed to group undertakings	15,418	-	-	-	-	15,418
Derivatives - gross settled						
Gross inflows	17,397	12,409	365	360	14,100	44,631
Gross outflows	(21,388)	(13,653)	(1,162)	(1,081)	(12,300)	(49,584)

18. Reserves

For the full list of reserve balances please go to page 11 Statement of changes in equity for further details.

Amounts deferred in reserves in relation to cash flow hedges will be recycled to the Statement of comprehensive income during the periods through to 7 October 2023 being the final maturity date of the current derivative financial instruments. Dates of maturity of all current derivative financial instruments are provided within note 8 and 9.

19. Sensitivity analysis

The company is subject to market risk in the form of interest rate fluctuations. The company manages exchange rate risk through the use of hedging instruments during the year.

Should the interest rate change by 50 Basis Points (BPS) during the year the impact on the results for the year would be as per below.

	2019 £000	2018 £000
Profit and loss account		
Increase by 50 BPS	-	-
Decrease by 50 BPS	-	-
Hedging reserve:		
Increase by 50 BPS	16	1
Decrease by 50 BPS	(17)	(1)

20. Post balance sheet events

The severity, magnitude and duration of the current COVID-19 pandemic is uncertain, rapidly changing and hard to predict. In 2020, COVID-19 has, and will continue to, significantly impact economic activity and markets around the world, and it has the potential to negatively impact our business. The ultimate impact of these disruptions also depends on events beyond our knowledge or control, including the duration and severity of any outbreak and actions taken by parties other than us to respond to them. However, the company is not directly exposed to trading fluctuations and our internal review, based on experience to date and a reserved expectation for the months to come, does not highlight significant financial constraints. Where the recoverability of the company's receivables is linked to the operations of its global trading subsidiaries, we have taken steps to assess the relative exposure of these debtors, and whilst there is no indication of material risk over recoverability, we remain vigilant in this rapidly changing environment and versatile when adapting to challenges. Any new dramatic change has the potential to negatively impact this position as the outbreak continues to spread around the world.

Whilst the terms on which the United Kingdom might continue to trade with the European Union are not fully determined and it is difficult to evaluate the potential impact on the business and the wider economy, the directors consider that they have taken all reasonable steps necessary to mitigate the associated risks and have confirmed that in the event of any financial ramifications, the company would continue to be supported by the Mondelez International Inc. group. During the transition period, we continue to take protective measures in response to the potential impacts on our results of operations and financial condition.

21. Controlling party

At 31 December 2019 the immediate parent company is Mondelez UK Holdings & Services Limited.

At 31 December 2019 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.