Registered Number 155256

Cadbury UK Limited

Annual Report & Financial Statements

Year Ended 31 December 2007

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CADBURY UK LIMITED

Directors and advisors

Directors

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

Secretary

Cadbury Nominees Limited

Registered office

P O Box 12
Bournville Lane
Bournville
Birmingham
B30 2LU

Auditors

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

CADBURY UK LIMITED

Report of the Directors

For the year ended 31 December 2007

The Directors present their report, together with the audited financial statements of Cadbury UK Limited (the 'Company'), for the year ended 31 December 2007 (the 'year')

Review of the Business and Principal Activities

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

On 7 May 2008, Cadbury Schweppes plc demerged its American Beverages business (now Dr Pepper Snapple Group) and changed its name to Cadbury plc

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

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

Business review

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

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

The Partnership aims to achieve the Group's vision through delivering its financial scorecard and focuses on the following priorities

1) To drive organic revenue growth of 4-6% per annum

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

The Partnership's revenue in 2007 was £1,181 million (2006 £1,132 million) Growth was broadly in line with the overall confectionery market which benefited from a good recovery in chocolate following our product recall, a hot summer in the UK in 2006 and a 16% growth in the gum market following our launch of Trident early in the year

Report of the Directors
For the year ended 31 December 2007

Our overall market share performance strengthened in the second half despite the adverse impact of flooding at our Sheffield factory on sugar confectionery revenues In chocolate, revenues in the second half benefited from the successful launch of Wispa and our new advertising campaign for Cadbury Dairy Milk Our gum business secured a 10% share of the UK gum market in its first year and accounted for the majority of the growth in the gum market during the year

2) To drive cost and efficiency gains to help achieve a mid-teens trading margin by 2011
A programme of cost reduction and efficiency is being undertaken throughout the Group and is impacting all parts of the business In the UK, initiatives were started that will lead to significant savings in sales, general and administration (SG&A) costs and supply chain efficiencies These initiatives include

- a senior management reorganisation of the Britain and Ireland business which, with a broader reorganisation, is expected to result in a 15% reduction in General and Administration headcount,
- the move of Group headquarters to a new shared office with the UK business in the second quarter of 2008, and
- the negotiation and consultation in connection with the closure of the Somerdale chocolate plant in the UK and transfer of production to UK Bournville plant and Group manufacturing facilities Poland by 2010

In 2007, the underlying operating margin was 5 7% (2006 7 7%) Base business margins were lower year-on-year, mainly as the result of a significant increase in marketing investment in media advertising for the core Cadbury Dairy Milk brand, the launch of gum and higher milk costs Outside underlying profit from operations were restructuring costs of £62m These costs include the redundancy costs incurred as part of the SG&A headcount reduction, the recognition of a provision relating to the announced redundancies which will be incurred predominantly on the closure of the Somerdale factory and an onerous contract and asset write-offs which arise due to the relocation of the UK headquarters

In addition to the contribution from this cost reduction programme, it is expected that margins will benefit from

- a focus of resource on categories and brands which are growing faster and which earn above average returns, and
- strengthened profit performance from a business where performance has been below expectations as a result of an IT system implementation in 2005 and a product recall in 2006

3) To continue to invest in capabilities to support growth and the efficiency agenda
In 2007, we continued to improve our capabilities across all aspects of our business to support our growth and efficiency agenda

During 2007, the Partnership has continued to aggregate and standardise support services such as IT and back office services, and outsource these where efficiency savings can be gained The Group is creating a global outsourced Shared Business Services organisation to handle back office processes such as invoicing, payroll and travel The clustering and delayering of the organisation and an increasing level of outsourcing will assist in the goal of streamlining processes and improving capabilities across the business, including in supply chain, finance and IT

4) To retain the commitment to growing sustainably and to Cadbury's strong cultural heritage
Within the overriding goal of being performance driven, but values led, the Partnership aims to

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

Business risk factors

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

1) Competition and demand

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

2) Product quality and safety

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

3) Dependence on business partners

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

4) Information technology

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

5) Raw materials

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

Report of the Directors
For the year ended 31 December 2007

6) Role of food in public health

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

Outlook for 2008 and Future Prospects

Looking ahead to 2008, the Partnership is confident that the business has strong foundations and that it operates in resilient categories The strong momentum coming into the year should help to drive revenue growth while operating leverage, the initiatives in place to deliver savings and a robust approach to pricing should enable delivery of margin progression in 2008

Post Balance Sheet Events

On 7 May 2008, Cadbury Schweppes plc demerged its American Beverages business (now Dr Pepper Snapple Group) and changed its name to Cadbury plc

On 23 June 2008, The Lion Confectionery Company Limited changed its name to The Old Leo Company Limited

On 25 February 2008, the Group completed the sale of the Monkhill business to Tangerine Confectionery Ltd The Group's intention to sell this non-core business was announced in 2006 in order to further increase the Partnership's focus on core brands

Investments

During the year, the Company increased its investment in Cadbury International Limited, another subsidiary of Cadbury plc, to £31,049,000 (2006 £11,000,000)

Results and dividends

The profit on ordinary activities for the financial year, after taxation, was £38,456,000 (2006 restated £43,350,000)

During the year no dividend was paid (2006 £18,000,000)

Provision of information to auditors

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

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

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

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

Report of the Directors

For the year ended 31 December 2007

Directors and their interests

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

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

S C Baldry	Resigned 20 June 2007
M P Barrington	Resigned 10 September 2007
T Bond	Appointed 16 July 2007
G Chick	Appointed 10 September 2007
R Doyle	Appointed 10 September 2007
D C Foster	Resigned 28 September 2007
A C Gibson	Resigned 10 September 2007
D Harding-Smith	
S Hosaki	Appointed 28 September 2007
M E Keating	Resigned 28 September 2007
A D Phythian	Resigned 10 September 2007
D J Pogson	
P J Rumbol	
W Strickland	Appointed 10 September 2007

Policy on Payment to Suppliers

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

Fixed Assets

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

Disabled Employees

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

Employee Involvement

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

Report of the Directors

For the year ended 31 December 2007

Financial instruments

The Partnership is exposed to market risks arising from its business

a) Liquidity risk

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

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

b) Interest rate risk

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

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

c) Currency risk

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

d) Credit risk

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

Financial instruments

e) *Commodity risk*

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

Report of the Directors

For the year ended 31 December 2007

Auditors

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

P O Box 12
Bournville Lane
Bournville
Birmingham
B30 2LU

By order of the Board,

T Bond
Managing Director

14 October 2008

Statement of Directors' Responsibilities

For the year ended 31 December 2007

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

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

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

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

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditors' report

Independent Auditors' Report to the Members of Cadbury UK Limited

We have audited the financial statements of Cadbury UK Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 21 These financial statements have been prepared under the accounting policies set out therein

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

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

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

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

Auditors' report

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,

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

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

Deloitte Touche LLP

Deloitte & Touche LLP 17th October 2008
Chartered Accountants and Registered Auditors
London, UK

Profit and loss account

For the year ended 31 December 2007

	Notes	2007	2006 (restated - Note 7)
		£'000	£'000
Turnover	3	121,316	87,219
Cost of Sales	4	(121,316)	(87,219)
Gross Profit		-	-
Net operating expenses		-	-
Operating profit		-	-
Share of profits in partnership	1b	56,169	69,891
Profit on ordinary activities before interest and taxation		**56,169**	**69,891**
Share of interest receivable and similar income	8	4,643	2,709
Share of interest payable and similar charges	9	(9,178)	(9,264)
Profit on ordinary activities before taxation		51,634	63,336
Taxation on profit on ordinary activities	10	(13,178)	(19,986)
Profit for the financial year	18	**38,456**	**43,350**

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

All activity is derived from continuing operations throughout both years

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

The 2006 balance sheet has been restated as certain shopfloor employees are employed directly by Cadbury UK Limited Cost of sales and turnover have been increased by £87,219,000

CADBURY UK LIMITED

Balance sheet

As at 31 December 2007

	Notes	2007	2006 (restated - see below)
		£'000	£'000
Fixed assets			
Investments	12a	216,873	154,410
		216,873	154,410
Current assets			
Debtors	13	50,516	14,844
		50,516	14,844
Current liabilities			
Creditors amounts falling due within one year	14	(54,776)	(24,895)
Net current liabilities		**(4,260)**	**(10,052)**
Total assets less current liabilities		**212,614**	**144,358**
Provisions for liabilities	15	(38,096)	(11,356)
Net assets		**174,517**	**133,002**
Equity Capital and Reserves			
Called up share capital	17	49,675	49,675
Capital reserve	18	9,438	9,525
Profit and loss account	18	115,404	73,802
Equity shareholders' funds	18	**174,517**	**133,002**

The accompanying notes form an integral part of this Balance Sheet

The 2006 balance sheet has been restated to include the redundancy provision associated with the restructuring of the Cadbury UK business and other employee costs payable, as well as the corresponding receivable due from the Cadbury UK Partnership

Signed on behalf of the Board

T Bond
Managing Director

D Harding-Smith
Finance Director

14 October 2008

Notes to the Financial Statements

1 Accounting policies

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

a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

b) Partnership Agreement

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

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

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

c) Foreign currencies

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

d) Investments

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

e) Taxation

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

1 Accounting policies (continued)

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

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

f) Cash flow statement

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

g) Treasury Risk Management

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

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

h) Share based payments

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

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

2 Annual Financial Statements

As permitted by the Companies Act 1985 the Company, being a wholly owned subsidiary of a Company incorporated in Great Britain, does not prepare group accounts The results of the Company are included in the audited financial statements of Cadbury plc for the year ended 31 December 2007 The company is therefore exempt from the requirements to prepare Group accounts under Section 228 of the Companies Act 1985 These financial statements present information about the company as an individual undertaking and not as a group

The profit and loss account covers the periods from 1 January 2007 to 31 December 2007 (2007) and 2 January 2006 to 31 December 2006 (2006) The balance sheets for 2007 and 2006 have been drawn up at 31 December 2007 and 31 December 2006 respectively

Notes to the Financial Statements

3 Turnover

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

4 Cost of Sales

	2007 £'000	2006 (restated) £'000
Cost of sales	121,316	87,219
	121,316	**87,219**

Cost of sales includes £37,616,000 (2006 £4,340,438) in respect of the cost of business reconfiguration and rationalisation These costs are not fundamental restructuring costs as defined in Financial Reporting Standard No 3 "Reporting Financial Reporting" The audit fee of £5,000 (2006 £5,000) was borne by the Cadbury UK Partnership in both years There were no non-audit fees in either year

5 Pension Arrangements

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

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

The total pension cost of the partnership, borne on behalf of the partners, was £34,536,000 (2006 £47,740,000), which, together with the pension costs of other subsidiaries in the group schemes, was assessed by qualified actuaries based on the latest actuarial assessment

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

At the year end, under IAS 19, the group defined benefit pension schemes had a surplus of £80m, of which £206m related to UK pension obligations At 1 January 2007, the group defined benefit pension schemes, under IAS 19 had a deficit of £204m, of which £16m related to UK pension obligations

Notes to the Financial Statements

5 Pension Arrangements (continued)

2007	**Rate of Return (%)**	**Market Value (£m)**
Equities	8 0	963
Bonds	5 0	923
Property	7 0	144
Other	6 0	70
		2,100
Present value of scheme liabilities		(1,894)
Surplus in the scheme		206

2006	**Rate of Return (%)**	**Market Value (£m)**
Equities	8 25	946
Bonds	4 75	763
Property	7 5	183
Other	5 25	86
		1,978
Present value of scheme liabilities		(1,994)
Deficit in the scheme		(16)

2005	**Rate of Return (%)**	**Market Value (£m)**
Equities	7 7	1,107
Bonds	4 4	449
Property	6 3	148
Other	4 2	58
		1,762
Present value of scheme liabilities		(1,930)
Deficit in the scheme before deferred tax		(168)
Notional deferred tax asset		
Net liability		(168)

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

	% 2007	**% 2006**	**% 2005**
Rate of increase in salaries	4 25	4 5	4 2
Rate of increase in pensions in payment	3 25	3	2 7
Rate of increase for deferred pensioners	3 25	3	2 7
Discount rate for scheme liabilities	5 8	5 1	4 75
Inflation	3 25	3	2 7

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

6 Directors' emoluments

	2007	2006
	£'000	£'000
Emoluments paid or receivable for qualifying services	2,653	1,281

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

Three directors (two in 2006) were remunerated throughout the year by Cadbury plc or its subsidiary undertakings for their services to the group as a whole No remuneration was paid to them specifically in respect of their services to Cadbury UK Limited

The emoluments of the highest paid director were £413,091 (£352,089 in 2006) At year-end, the accrued pension under the Company's defined benefit scheme for the highest paid director was £297,798 (£255,149 in 2006)

During the year, six directors (two in 2006) received or were due shares under long-term incentive schemes

During the year, thirteen directors (ten in 2006) were members of a Cadbury plc defined benefit pension scheme Contributions were made by the Company into a money purchase pension scheme for no directors (two in 2006) amounting to £0 (£13,496 in 2006) Due to changes in pensions legislation, no further contributions were made after 6 April 2006

During the year eleven directors (six in 2006) exercised options over shares in the Company's parent, Cadbury plc

7 Employees and emoluments

Since the formation of the partnership on 17 July 2000, employee emoluments were borne by the partnership although all employees remained employed by Cadbury Limited On 6 April 2002 the employment of some employees was transferred to Cadbury Trebor Bassett Services Limited, a fellow group undertaking Certain shop floor employees remain employed by Cadbury UK Ltd A restatement has been made so as to include the costs and corresponding recharge to the Cadbury UK Partnership in relation to these employees

Notes to the Financial Statements

7 Employees and emoluments (continued)

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

	2007	2006 (restated)
Production	1,935	2,003
Distribution, selling and marketing	0	0
Administration	0	0
	1,935	**2,003**

Employee emoluments comprised

	2007 £'000	2006 (restated) £'000
Wages and salaries	101,943	62,539
Social Security Costs	5,197	4,872
Other pension costs	14,176	19,808
	121,316	**87,219**

Employment costs in 2007 include £4 4m (2006 £13 1m) additional pension funding and £37 6m (2006 £4 3m) redundancy costs

8 Share of Interest receivable and similar income

	2007 £'000	2006 £'000
Interest receivable on external loans and deposits	106	55
Interest receivable on inter-company loans and deposits	4,538	2,654
	4,643	**2,709**

9 Share of Interest payable and similar charges

	2007 £'000	2006 £'000
Interest payable on overdrafts and bank loans	461	537
Finance Leases	1,141	2,286
Interest payable on inter-company loans	7,576	6,441
	9,178	**9,264**

Notes to the Fınancıal Statements

10 Taxation on profit on ordinary actıvities

The tax charge compnses

	2007 £'000	2006 £'000
UK corporatıon tax		
Current year	24,862	4,342
Pnor year	(3,943)	18,069
Total current tax charge	20,919	22,411
Deferred taxatıon		
Current year	(11,449)	13,882
Tax rate change	(36)	0
Pnor year	3,743	(16,307)
	(7,741)	(2,425)
Charge for the year	**13,178**	**19,986**

The deferred tax charge / (credıt) relates to the ongınatıon and reversal of tımıng dıfferences

The table below reconcıles the UK Corporatıon Tax rate applıcable each year to the effectıve rate obtaıned by computıng the current tax charge as a percentage of profit before tax

The table below reconcıles the UK Corporatıon Tax rate applıcable each year to the effectıve rate obtaıned by computıng the current tax charge as a percentage of profit before tax

	2007 £'000	2006 £'000
Profit on ordinary actıvıtıes before taxatıon	**51,634**	**63,336**
UK corporatıon tax @ 30% (2005 30%)	15,490	19,001
Effects of		
Depreciatıon less capıtal allowances	9,197	(16,174)
Short-term tımıng dıfferences	10,014	2,292
Adjustment to tax charge ın respect of prevıous penods	(3,973)	18,069
Permanent dıfferences	(9,810)	375
Non taxable ıncome	0	(1,152)
Total current tax charge	**20,919**	**22,411**

In March 2007, the UK Government announced that they would ıntroduce legıslatıon that would reduce the corporatıon tax rate to 28% wıth effect from 1 Apnl 2008 Thıs legıslatıon was substantıvely enacted on 26 June 2007 The deferred tax assets and lıabılıtıes have been restated to 28%

Notes to the Financial Statements

11 Dividends Paid on Equity Shares

	2007 £'000	2006 £'000
Dividends paid of 0p per ordinary share (2006 36p)	-	18,000

12 Investments

a)	Subsidiary Undertakings £'000	Partnership £'000	Total £'000
Cost and net book value			
At beginning of the year	11,000	143,410	154,410
Additions	20,049	42,414	62,463
At end of the year	**31,049**	**185,824**	**216,873**

During the year, the Company increased its investment in Cadbury International Limited, another subsidiary of Cadbury plc, to £31,049,000 (2006 £11,000,000)

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

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

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

13 Debtors

	2007 £'000	2006 (restated) £'000
Amounts owed by Partnership	50,516	14,844
	50,516	**14,844**

14 Creditors. amounts fallıng due withın one year

	2007 £'000	2006 (restated) £'000
Amounts owed to fellow subsıdıary undertakıngs	31,049	11,000
Other taxes & socıal securıty costs	2,326	2,748
Accruals and deferred ıncome	10,594	8,978
UK Corporatıon tax	10,807	2,169
	54,776	**24,895**

Amounts owed to fellow subsıdıary undertakıngs are non-ınterest bearıng

15 Provisions for liabilities

	Reconfiguratıon provısıon £'000	Deferred taxatıon £'000	Total £'000
At begınnıng of the year	3,117	8,239	11,356
Charged durıng the year	37,616	(7,705)	29,911
Tax rate change	-	(36)	(36)
Utılısed durıng the year	(3,135)	-	(3,135)
At end of the year	**37,598**	**498**	**38,096**

The reconfiguratıon provısıon ıs to cover redundancy costs arısıng from the Group commencıng ıts cost reductıon programme Of thıs provısıon, £33 4m (2006 £Nıl) ıs due after more than 1 year

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

	2007 ACAs £'000	2007 Short term tımıng dıfferences £'000	2007 Total £'000	2006 Total £'000
At begınnıng of the year	14,369	(6,131)	8,239	10,663
Profit and loss account	(1,897)	(5,844)	(7,741)	(2,425)
At end of the year	**12,472**	**(11,974)**	**498**	**8,239**

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

Not provıded ın financıal statements	2007 £'000	2006 £'000
Propertıes	537	537
	537	**537**

16 Share-based Payments

Certaın employees of the Partnershıp receıve share awards whıch are settled usıng the equıty of the ultımate parent company, Cadbury plc The company recognısed total expenses of £0 6m (2006 £0 7m) related to these equıty-settled share-based payment transactıons durıng the year, whıch were recharged to the Cadbury UK Partnershıp (prevıously the Cadbury Trebor Bassett Partnershıp)

Cadbury plc has a number of share optıon plans that are avaılable to certaın senıor employees of the company the Bonus Share Retentıon Plan (BSRP) and the Dıscretıonary Share Optıon Plan (DSOP) Cadbury plc also has a UK share optıon scheme for all employees of the Partnershıp Optıons are normally forfeıted ıf the employee leaves Cadbury plc before the optıons vest Cadbury plc also has an Internatıonal Share Award Plan (ISAP) whıch ıs used to reward exceptıonal performance amongst employees

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

Schemes granted ın 2007

	BSRP	ISAP	Sharesave
Expected volatılıty *(1)*	n/a	n/a	16-17%
Expected lıfe	3 yrs	1-3 yrs	Vestıng + 5 months
Rısk free rate	5 5%	4 9%-5 8%	4 9%-5 8%
Expected dıvıdend yıeld	2 5%	2 55-3 0%	1 9%-2 3%
Faır value per award (% of share prıce at date of grant)	185 5%	91 8%-99 3%	24 0%-36 3%
Possıbılıty of ceasıng employment before vestıng	-	-	10%-41%
Expectatıons of meetıng performance crıterıa	40%	100%	n/a

No grants were made under the DSOP ın 2007

Schemes granted ın 2006

	BSRP	ISAP	Sharesave
Expected volatılıty *(1)*	n/a	n/a	22%
Expected lıfe	3 yrs	1-3 yrs	Vestıng+5 months
Rısk free rate	4 5%	4 2%-4 9%	4 6%-4 8%
Expected dıvıdend yıeld	2 5%	2 3%-2 5%	2 3%
Faır value per award (% of share prıce at date of grant)	185 2% *(2)*	93 0%-99 3%	23 8%-33 5%
Possıbılıty of ceasıng employment before vestıng	-	-	12%-35%
Expectatıons of meetıng performance crıterıa	40%	n/a	n/a

No grants were made under the DSOP ın 2006

1) *Expected volatılıty was determıned by calculatıng the hıstorıcal volatılıty of Cadbury plc's share prıce over the prevıous three years*
2) *Faır value of BSRP ıncludes 100% of the matchıng shares avaılable*
3) *The faır value calculatıon of a dıscretıonary share optıon uses an expected lıfe to the poınt of expected exercıse This ıs determıned through analysıs of hıstorıcal evıdence exercıse patterns of optıon holders*

The BSRP resulted ın a charge of £0 6m ın 2007 (2006 £0 7 m)

16 Share-based Payments (continued)

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

	Balance outstanding at the beginning of year	Granted	Exercised	Cancelled	Balance outstanding at the end of the year	Exercise price for options (in £s)	Weighted average exercise price of options (in £s) (i)	Weighted average contractual life in month of options	Exercisable at year end	Weighted average exercise price of options (in £s) (ii)
a	10,180,239	1,140,351	1,654,483	381,217	9,284,890	3 15-4 69	3 96	27	-	-
b	2,202,888	-	1,027,212	-	1,271,116	3 52-4 83	4 28	52	1,271,116	4 28
c	1,470,500	-	164,499	13,000	1,402,501	4 40-5 26	4 83	83	702,751	4 40

2006 Details of the share option plans are as follows:

	Balance outstanding at the beginning of year	Granted	Exercised	Cancelled	Balance outstanding at the end of the year	Exercise price for options (in £s)	Weighted average exercise price of options (in £s) (i)	Weighted average contractual life in month of options	Exercisable at year end	Weighted average exercise price of options (in £s) (ii)
a	11,211,699	1,649,651	2,163,012	512,099	10,180,239	3 14-4 47	3 75	35	-	-
b	2,609,875	-	402,651	4,336	2,202,888	2 97-4 83	4 29	61	2,174,423	4 29
c	1,497,500	-	-	27,000	1,470,500	4 39-5 26	4 79	95	-	-

a) Savings-Related Share Option Scheme for employees approved by shareholders in May 1982 These options are normally exercisable within a period not later than 6 months after the repayment date of the relevant "Save As You Earn" contracts which are for a term of 3, 5 or 7 years
b) Share Option Plan for Directors, senior executives and senior managers approved by shareholders in May 1994
c) Share Option Plan for eligible executives (previously called the Cadbury Schweppes Share Options Plan 1994, as amended at the 2004 AGM)
(i) Weighted average exercise price of options outstanding at the end of the year (in £s)
(ii) Weighted average exercise price of options currently exercisable at year end (in £s)

17 Called up share capital

	2007 £'000	2006 £'000
Authorised		
50,000,000 ordinary shares of £1 each	**50,000**	**50,000**
Allotted, called up and fully paid		
49,675,000 ordinary shares of £1 each	**49,675**	**49,675**

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

	Called-up Share capital £'000	Capital reserve £'000	Profit and loss account £'000	2007 Total £'000	2006 Total £'000
At beginning of the year	49,675	9,525	73,802	133,002	105,453
Profit for the year	-	-	38,456	38,456	43,350
Credit to equity for share-based payment	-	-	3,059	3,059	2,199
Transfer between reserves	-	(87)	87	-	-
Dividends	-	-	-	-	(18,000)
At end of the year	**49,675**	**9,438**	**115,404**	**174,517**	**133,002**

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

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

19 Related Party Transactions

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

20 Post Balance Sheet Events

On 7 May 2008, Cadbury Schweppes plc demerged its American Beverages business (now Dr Pepper Snapple Group) and changed its name to Cadbury plc

On 23 June 2008, The Lion Confectionery Company Limited changed its name to The Old Leo Company Limited

On 25 February 2008, the Group completed the sale of the Monkhill business to Tangerine Confectionery Ltd The Group's intention to sell this non-core business was announced in 2006 in order to further increase the Partnership's focus on core brands

Notes to the Financial Statements

21 Ultimate Parent Company

The Company's ultimate parent is Cadbury plc, a company incorporated in Great Britain and registered in England and Wales Copies of the Group financial statements of Cadbury plc are available from Cadbury House, Sanderson Road, Uxbridge, Middlesex UB8 1DH

As a subsidiary of Cadbury plc the Company has taken advantage of the exemption in FRS 8 "Related party disclosures" not to disclose transactions with other members of the group headed by Cadbury plc

Report of the Management Committee (continued)

Year ended 31 December 2007

In accordance with Regulation 4(1) (a) and (b) of the Partnerships and Unlimited Companies (Accounts) Regulations 1993, the Management Committee present their Report, together with the audited financial statements of Cadbury UK (the 'Partnership') for the year ended 31 December 2007 ("the year")

Review of the Business and Principal Activities

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

On 7 May 2008, Cadbury Schweppes plc demerged its American Beverages business (now Dr Pepper Snapple Group) and changed its name to Cadbury plc

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

Business review

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

The Partnership aims to achieve the Group's vision through delivering its financial scorecard and focuses on the following priorities

1) To drive organic revenue growth of 4-6% per annum

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

The Partnership's revenue in 2007 was £1,181 million (2006 £1,132 million) Growth was broadly in line with the overall confectionery market which benefited from a good recovery in chocolate following our product recall, a hot summer in the UK in 2006 and a 16% growth in the gum market following our launch of Trident early in the year

Our overall market share performance strengthened in the second half despite the adverse impact of flooding at our Sheffield factory on sugar confectionery revenues In chocolate, revenues in the second half benefited from the successful launch of Wispa and our new advertising campaign for Cadbury Diary Milk Our gum business secured a 10% share of the UK gum market in its first year and accounted for the majority of the growth in the gum market during the year

Report of the Management Committee (continued)

Year ended 31 December 2007

2) To drive cost and efficiency gains to help achieve a mid-teens trading margin by 2011

A programme of cost reduction and efficiency is being undertaken throughout the Group and is impacting all parts of the business In the UK, initiatives were started that will lead to significant savings in sales, general and administration (SG&A) costs and supply chain efficiencies These initiatives include

- a senior management reorganisation of the Britain and Ireland business which, with a broader reorganisation, is expected to result in a 15% reduction in General and Administration headcount,
- the move of Group headquarters to a new shared office with the UK business in the second quarter of 2008, and
- the negotiation and consultation in connection with the closure of the Somerdale chocolate plant in the UK and transfer of production to UK Bournville plant and Group manufacturing facilities Poland by 2010

In 2007, the underlying operating margin was 5 7% (2006 7 7%) Base business margins were lower year-on-year, mainly as the result of a significant increase in marketing investment in media advertising for the core Cadbury Dairy Milk brand, the launch of gum and higher milk costs Outside underlying profit from operations were restructuring costs of £62m These costs include the redundancy costs incurred as part of the SG&A headcount reduction, the recognition of a provision relating to the announced redundancies which will be incurred predominantly on the closure of the Somerdale factory and an onerous contract and asset write-offs which arise due to the relocation of the UK headquarters

Non-trading items included an accounting gain of £38m arising from a factory insurance recovery following a fire in 2005 at our Monkhill confectionery business

In addition to the contribution from this cost reduction programme, it is expected that margins will benefit from

- a focus of resource on categories and brands which are growing faster and which earn above average returns, and
- strengthened profit performance from a business where performance has been below expectations as a result of an IT system implementation in 2005 and a product recall in 2006

3) To continue to invest in capabilities to support growth and the efficiency agenda

In 2007, we continued to improve our capabilities across all aspects of our business to support our growth and efficiency agenda

During 2007, the Partnership has continued to aggregate and standardise support services such as IT and back office services, and outsource these where efficiency savings can be gained The Group is creating a global outsourced Shared Business Services organisation to handle back office processes such as invoicing, payroll and travel The clustering and delayering of the organisation and an increasing level of outsourcing will assist in the goal of streamlining processes and improving capabilities across the business, including in supply chain, finance and IT

4) To retain the commitment to growing sustainably and to Cadbury's strong cultural heritage

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

- promote responsible consumption of its products,
- ensure ethical and sustainable sourcing of raw materials and other inputs,
- prioritise quality and safety,

- reduce carbon and water use and packaging,
- nurture and reward colleagues, and
- invest in the communities in which we operate

Business risk factors

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

1) Competition and demand

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

2) Product quality and safety

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

3) Dependence on business partners

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

4) Information technology

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

5) Raw materials

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

6) Role of food in public health

Many countries face rising obesity levels due to an imbalance between energy consumed via food and expended through activity The reasons for the changes in society and for some individuals having a greater inclination to obesity are multifaceted and complex There are risks associated with the possibility of government action

Report of the Management Committee (continued)

Year ended 31 December 2007

against the food industry, such as levying additional taxes on or restricting the advertising of certain product types This could increase the tax burden or make it harder for the Partnership to market products, reducing sales and/or profits

Outlook for 2008 and Future Prospects

Looking ahead to 2008, the Partnership is confident that the business has strong foundations and that it operates in resilient categories The strong momentum coming into the year should help to drive revenue growth while operating leverage, the initiatives in place to deliver savings and a robust approach to pricing should enable delivery of margin progression in 2008

Post Balance Sheet Events

On 7 May 2008, Cadbury Schweppes plc demerged its American Beverages business (now Dr Pepper Snapple Group) and changed its name to Cadbury plc

On 23 June 2008, The Lion Confectionery Company Limited changed its name to The Old Leo Company Limited

On 25 February 2008, the Group completed the sale of the Monkhill business to Tangerine Confectionery Ltd The Group's intention to sell this non-core business was announced in 2006 in order to further increase the Partnership's focus on core brands Prior to the sale, the Monkhill business formed part of Trebor Bassett Limited

Investments

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

Results and dividends

The profit on ordinary activities for the financial year after taxation was £57,129,000 (2006 £76,172,000)

A distribution of profits of £57,129,000 (2006 £76,172,000) has been made to the Partners in accordance with the terms of the Partnership Agreement

Provision of information to auditors

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

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

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

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

Fixed Assets

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

Report of the Management Committee (continued)
Year ended 31 December 2007

Disabled Employees

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

Employee Involvement

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

Financial Instruments

The Partnership is exposed to market risks arising from its business

a) Liquidity risk

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

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

b) Interest rate risk

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

c) Currency risk

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

d) Credit risk

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

e) *Commodity risk*

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

Report of the Management Committee (continued)
Year ended 31 December 2007

Charitable and Political Contributions

During the year, the Partnership made charitable contributions of £749,000 (2006 £232,000) The Partnership made no political contributions during the year (2006 £nil)

Auditors

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

Principle Office

Cadbury House
Sanderson Road
Uxbridge
Middlesex
UB8 1DH

By order of the Management Committee,

T Bond
Managing Director

14 October 2008

Statement of Management Committees' Responsibilities in Relation to Financial Statements

Year ended 31 December 2007

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

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

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

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

Auditors' report

Independent Auditors' Report to the Members of Cadbury UK

We have audited the financial statements of Cadbury UK for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 27 These financial statements have been prepared under the accounting policies set out therein

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

Respective responsibilities of Management Committee and auditors

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

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

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

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

Basis of audit opinion

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

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

Auditors' report

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Partnership's affairs as at 31 December 2007 and of its profit for the year then ended,

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

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

Deloitte & Touche LLP 17th October 2008
Chartered Accountants and Registered Auditors
London, UK

Profit and loss account

For the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Turnover	3	1,180,706	1,132,076
Cost of Sales		(791,040)	(760,174)
Gross Profit		**389,666**	**371,902**
Net operating expenses	4	(359,423)	(307,317)
Operating profit		**30,242**	**64,585**
Profit on disposal of fixed assets	7	37,308	19,471
Profit before interest		**67,551**	**84,056**
Interest receivable and similar income	5	6,059	3,257
Interest payable and similar charges	6	(16,481)	(11,141)
Profit available for distribution	7	**57,129**	**76,172**
Distribution of profit to partners	11	(57,129)	(76,172)
Result for the financial year		-	-

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

All activity is derived from continuing operations throughout both years

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

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

Balance sheet

As at 31 December 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Intangible fixed assets	12	71,049	75,257
Tangible fixed assets	13	370,426	330,268
		441,475	405,525
Current assets			
Stocks	14	148,395	145,945
Debtors	15	211,591	266,282
Cash at bank and in hand		10,813	4,974
		370,800	417,201
Creditors amounts falling due within one year	16	(271,093)	(353,802)
Net current assets		**99,707**	**63,399**
Total assets less current liabilities		**541,182**	**468,924**
Creditors amounts falling due after one year	17	(1,328)	(21,697)
Provisions for liabilities and charges	18	(54,200)	(6,379)
Net assets		**485,655**	**440,848**
Capital and reserves			
Partner's capital	20	485,655	440,848
Partnership funds		**485,655**	**440,848**

The accompanying notes form an integral part of this Balance Sheet

Signed on behalf of the Partnership

T Bond
Managing Director

D Harding-Smith
Finance Director

14 October 2008

Notes to the Financial Statements – 31 December 2007

1 Accounting policies

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

a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

b) Partnership Agreement

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

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

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

c) Foreign Currency

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

d) Sales

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

e) Research and development

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

f) Goodwill and Intangible Fixed Assets

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

1 Accounting policies (contınued)

g) Tangıble Fıxed Assets

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

Freehold land and buıldıngs	2 5%
Plant and Machınery	
Plant and machınery	7%-10%
Office equıpment	10%-20%
Computer hardware and hardware	12 5%-33%

Land ıs not depreciated

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

The transıtıonal rules of Fınancıal Reportıng Standard No 15 have been adopted, whıch allow the Partnershıp to maıntaın the carryıng values of the revalued assets (post 1994) at theır modıfied cost

h) Fıxed Assets Held under Leases

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

All other leases are 'operatıng leases' and the relevant annual rentals are charged wholly to the profit and loss account ın the year ın whıch they are ıncurred

ı) Stocks and Work ın Progress

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

ȷ) Cash flow statement

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

1 Accounting policies (continued)

k) Pension Costs and Other Post Retirement Benefits

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

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

l) Financial Instruments

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

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

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

m) Government Grants

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

n) Treasury Risk Management

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

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

o) Share based payments

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

1 Accountıng policıes (continued)

o) Share based payments (contınued)

Black-Scholes calculatıons and Monte Carlo sımulatıons The valuatıons take ınto account factors such as non-transferabılıty, exercıse restrıctıons and behavıourıal consıderatıons

An expense ıs recognısed to spread the faır value of the each award over the vestıng perıod on a straıght-lıne basıs, after allowıng for an estımate of the share awards that wıll eventually vest The estımate of the level of vestıng ıs revıewed at least annually, wıth nay ımpact on the cumulatıve charge beıng recognısed ımmedıately

2 Annual Financial Statements

Prıor to 2007, the annual fınancıal statements were made up to the Sunday nearest to 31 December For 2007, the annual fınancıal statements were drawn up on a calendar year basıs to 31 December 2007

The profit and loss account covers the perıods from 1 January 2007 to 31 December 2007 (2007) and 2 January 2006 to 31 December 2006 (2006) The balance sheets for 2007 and 2006 have been drawn up at 31 December 2007 and 31 December 2006 respectıvely

3 Turnover and Operating Profit

Turnover and profits prıncıpally arose from the manufacture, marketıng and sale of confectıonery products wıthın the Unıted Kıngdom, and entırely from the Partnershıp's contınuıng operatıons

4 Net Operatıng Expenses

	2007 £'000	2006 £'000
Dıstrıbutıon costs, ıncludıng marketıng	195,045	171,511
Admınıstratıve expenses	164,378	135,806
	359,423	**307,317**

Admınıstratıve expenses above ınclude £61,674,000 (2006 £15,916,000) ın respect of the cost of busıness reconfiguratıon and ratıonalısatıon These costs are not fundamental restructurıng costs as defined ın Fınancıal Reportıng Standard No 3 "Reportıng Fınancıal Reportıng"

5 Interest receivable and sımılar income

	2007 £'000	2006 £'000
Interest receıvable on external loans and deposıts	127	66
Interest receıvable on ınter-company loans	5,932	3,191
	6,059	**3,257**

6 Interest payable and similar charges

	2007 £'000	2006 £'000
Interest payable on overdrafts and bank loans	554	646
Finance lease interest	1,372	2,749
Interest payable on inter-company loans	14,555	7,746
	16,481	**11,141**

7 Profit available for distribution

Profit available for distribution is stated after charging

		2007 £'000	2006 £'000
Depreciation on owned assets		40,695	29,141
Depreciation on assets held under finance leases		9,183	10,552
Amortisation of goodwill		4,208	4,053
Operating lease rentals	- plant & machinery	5,209	4,815
	- other	6,990	5,039
Auditors' remuneration - audit fees		365	391
(Profit) on disposal of fixed assets	- within operating profit		(17)
	- within exceptional items	(37,308)	(19,471)
Research and development expenditure		44	5,039

Total profit on disposal below operating profit includes a net profit from an accounting gain of £38m arising from a factory insurance recovery following a fire in 2005 at Monkhill confectionery, offset by costs associated with the disposal of this business due to occur in 2008

8 Pension Arrangements

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

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

The total pension cost of the partnership, borne on behalf of the partners, was £34,536,000 (2006 £47,740,000), which, together with the pension costs of other subsidiaries in the group schemes, was assessed by qualified actuaries based on the latest actuarial assessment

8 Pension Arrangements (continued)

Thıs ınformatıon has been calculated usıng the measurement prıncıples of IAS 19 whıch are materıally the same as the measurement prıncıples of FRS 17

At the year end, under IAS 19, the group defined benefit pensıon schemes had a surplus of £80m, of whıch £206m related to UK pensıon oblıgatıons At 1 January 2007, the group defined benefit pensıon schemes, under IAS 19 had a defıcıt of £204m, of whıch £16m related to UK pensıon oblıgatıons

2007	**Rate of Return (%)**	**Market Value (£m)**
Equıtıes	8 0	963
Bonds	5 0	923
Property	7 0	144
Other	6 0	70
		2,100
Present value of scheme lıabılıtıes		(1,894)
Surplus ın the scheme		206

2006	**Rate of Return (%)**	**Market Value (£m)**
Equıtıes	8 25	946
Bonds	4 75	763
Property	7 5	183
Other	5 25	86
		1,978
Present value of scheme lıabılıtıes		(1,994)
Defıcıt ın the scheme		(16)

2005	**Rate of Return (%)**	**Market Value (£m)**
Equıtıes	7 7	1,107
Bonds	4 4	449
Property	6 3	148
Other	4 2	58
		1,762
Present value of scheme lıabılıtıes		(1,930)
Defıcıt ın the scheme before deferred tax		(168)
Notıonal deferred tax asset		
Net lıabılıty		(168)

8 Pensıon Arrangements (continued)

The figures above were calculated on the basıs of the followıng assumptıons

	% 2007	% 2006	% 2005
Rate of ıncrease ın salarıes	4 25	4 5	4 2
Rate of ıncrease ın pensıons ın payment	3 25	3	2 7
Rate of ıncrease for deferred pensıoners	3 25	3	2 7
Dıscount rate for scheme lıabılıtıes	5 8	5 1	4 75
Inflatıon	3 25	3	2 7

Further detaıls of the latest actuarıal valuatıon can be found ın the Report & Accounts of Cadbury plc

9 Employees and Emoluments

Sınce the formatıon of the Partnershıp on 17 July 2000, employee emoluments were borne by the Partnershıp although all employees remaıned employed by the partners On 6 Aprıl 2002, the employment of some employees was transferred to Cadbury Trebor Bassett Servıces Lımıted, a fellow group undertakıng All other employees remaıned employed by Cadbury UK Ltd (one of the partners)

The average number of employees employed by Cadbury Trebor Bassett Servıces Lımıted or Cadbury UK Ltd, on behalf of the Partnershıp was

	2007	2006
Productıon	3,748	3,866
Dıstrıbutıon, sellıng and marketıng	1,231	1,550
Admınıstratıon	576	512
	5,554	**5,928**

Employee emoluments comprısed

	2007 £'000	2006 £'000
Wages and salarıes	233,057	184,620
Socıal Securıty Costs	16,372	15,189
Other pensıon costs	34,536	47,740
	283,965	**247,549**

Employments costs ın 2007 ınclude £10 4m (2006 £30 8m) addıtıonal pensıon fundıng and £44 2m (2006 £9 1m) redundancy costs

10 Taxatıon on profit avaılable for distributıon

The Partnershıp ıs not subject to UK Corporatıon Tax Tax on the Partnershıp profits ıs accounted for ın the relevant Partners' financıal statements

11 Distribution to Partners

	2007 £'000	2006 £'000
Distribution of profit before interest to the Partners		
Cadbury UK Limited	56,169	69,891
Trebor Bassett Limited	11,045	13,741
The Old Leo Company Limited	338	424
	67,551	**84,056**
Distribution of net interest expense available for distribution to the Partners		
Cadbury UK Limited	(4,534)	(6,555)
Trebor Bassett Limited	(5,861)	(1,289)
The Old Leo Company Limited	(27)	(40)
	(10,422)	**(7,884)**
	57,129	**76,172**

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

12 Intangible Fixed Assets – Goodwill and Intellectual Property

	Goodwill £'000	Intellectual Property £'000	Total £'000
Cost			
At 1 January 2007	89,169	4,173	**93,342**
Additions	0	0	**0**
At 31 December 2007	**89,169**	**4,173**	**93,342**
Accumulated Amortisation			
At 1 January 2007	(18,032)	(53)	**(18,085)**
Charge for the year	(3,999)	(209)	**(4,208)**
At 31 December 2007	**(22,031)**	**(262)**	**(22,293)**
Net Book Value			
At 31 December 2007	**67,138**	**3,911**	**71,049**
At 1 January 2007	71,137	4,120	75,257

13 Tangible Fixed Assets

	Freehold land & buildıngs £'000	Plant & machınery £'000	Assets ın course of construction £'000	Total £'000
Cost or Valuation				
At 1 January 2007	85,424	643,668	88,482	**817,574**
Addıtıons	190	2,887	87,690	**90,767**
Transfers	3,245	60,506	(63,751)	**0**
Transfers from Group companıes	112	67	0	**179**
Dısposals	(271)	(7,220)	0	**(7,491)**
At 31 December 2007	88,700	699,908	112,421	**901,029**
At professıonal valuatıon	72,372	0	0	**72,372**
At cost	16,328	699,908	112,421	**828,657**
	88,700	**699,908**	**112,421**	**901,029**
Accumulated Depreciation				
At 1 January 2007	(17,378)	(469,928)	0	**(487,306)**
Charge for the year	(2,278)	(47,600)	0	**(49,878)**
Transfers from Group companıes	(42)	(21)	0	**(63)**
Dısposals	136	6,508	0	**6,644**
At 31 December 2007	**(19,562)**	**(511,041)**	**0**	**(530,603)**
Net Book Value				
At 31 December 2007	**69,138**	**188,867**	**112,421**	**370,426**
At 1 January 2007	68,046	173,740	88,482	330,268

Freehold land and buıldıngs ınclude land of £16,328,000 (2006 £16,328,000), whıch has not been depreciated

Plant and machınery ıncludes vehıcles and fixtures and fittıngs Assets ın course of constructıon ınclude payments on account

As descrıbed ın the accountıng polıcıes, the Partnershıp has taken advantage of the transıtıonal rules of Fınancıal Reportıng Standard No 15 Certaın Partnershıp propertıes were revalued to £70,710,000, on an open-market basıs by Fuller Peıser as at 20 September 1995, and the revısed valuatıons have been ıncorporated ın the financıal statements of the Partners from 30 December 1995

If the revalued assets were stated on an hıstorıcal cost basıs the amounts would be as follows

	2007 £'000	2006 £'000
Land and buıldıngs at cost	59,228	59,228
Accumulated deprecıatıon at 1 January 2007	(19,442)	(18,258)
Charge for the year	(1,184)	(1,184)
	38,602	**39,786**

Notes to the Financial Statements – 31 December 2007

13 Tangible Fixed Assets (continued)

Finance Leases

Included in fixed assets are	2007 £'000	2006 £'000
Plant and machinery under finance leases	207,965	209,333
Less accumulated depreciation	(182,136)	(174,321)
	25,829	**35,012**

14 Stocks

	2007 £'000	2006 £'000
Raw materials and consumables	18,697	24,548
Work in progress	25,473	23,909
Finished goods and goods for resale	104,225	97,488
	148,395	**145,945**

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

15 Debtors

	2007 £'000	2006 £'000
Trade debtors	124,487	125,230
Amounts owed by fellow subsidiary undertakings	74,947	118,531
Other debtors	3,044	10,086
Tax on profits recoverable	0	0
Prepayments and accrued income	9,113	12,435
	211,591	**266,282**

Within amounts owed by fellow subsidiary undertakings is £48 3 million which bears interest at market rates

16 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Current obligation under finance leases	20,363	19,778
Trade creditors	76,839	73,731
Amounts owed to Cadbury plc	8,416	9,322
Amounts owed to fellow subsidiary undertakings	0	100,625
Other taxes and social security costs	38,664	43,422
Other creditors	99,536	77,971
Accruals and deferred income	27,275	28,953
	271,093	**353,802**

Amounts owed to Cadbury plc are non-interest bearing

17 Creditors. amounts falling due after more than one year

	2007 £'000	2006 £'000
Obligations under finance leases	1,226	21,588
Government grants	102	109
	1,328	**21,697**

18 Provisions for liabilities and charges

	Reconfiguration provision £'000	Other provision £'000	Total £'000
At 1 January 2007	6,379	0	6,379
Charged during the year	61,674	59	61,733
Utilised during the year	(13,912)	0	(13,912)
At 31 December 2007	**54,141**	**59**	**54,200**

The reconfiguration provision includes a provision of £41,960,000 (2006 £4,473,000) for redundancy costs Of this, £33,407,000 (2006 £nil) is due after more than one year

19 Share-based Payments

Certain employees of the Partnership receive share awards which are settled using the equity of the ultimate parent company, Cadbury plc The Partnership recognised total expenses of £3 8m (2006 £3 0m) related to these equity-settled share-based payment transactions during the year

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

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

19 Share-based Payments (contınued)

Schemes granted in 2007

	BSRP	ISAP	Sharesave
Expected volatılıty *(1)*	n/a	n/a	16-17%
Expected lıfe	3 yrs	1-3 yrs	Vestıng + 5 months
Rısk free rate	5 5%	4 9%-5 8%	4 9%-5 8%
Expected dıvıdend yıeld	2 5%	2 55-3 0%	1 9%-2 3%
Faır value per award (% of share prıce at date of grant)	185 5%	91 8%-99 3%	24 0%-36 3%
Possıbılıty of ceasıng employment before vestıng	-	-	10%-41%
Expectatıons of meetıng performance crıterıa	40%	100%	n/a

No grants were made under the DSOP ın 2007

Schemes granted ın 2006

	BSRP	ISAP	Sharesave
Expected volatılıty *(1)*	n/a	n/a	22%
Expected lıfe	3 yrs	1-3 yrs	Vestıng+5 months
Rısk free rate	4 5%	4 2%-4 9%	4 6%-4 8%
Expected dıvıdend yıeld	2 5%	2 3%-2 5%	2 3%
Faır value per award (% of share prıce at date of grant)	185 2% *(2)*	93 0%-99 3%	23 8%-33 5%
Possıbılıty of ceasıng employment before vestıng	-	-	12%-35%
Expectatıons of meetıng performance crıterıa	40%	n/a	n/a

No grants were made under the DSOP ın 2006

1) Expected volatılıty was determıned by calculatıng the hıstorıcal volatılıty of Cadbury plc's share prıce over the prevıous three years

2) Faır value of BSRP ıncludes 100% of the matchıng shares avaılable

3) The faır value calculatıon of a dıscretıonary share optıon uses an expected lıfe to the poınt of expected exercıse This ıs determıned through analysıs of hıstorıcal evıdence exercıse patterns of optıon holders

The BSRP resulted ın a charge of £1 3m ın 2007 (2006 £0 4 m) DSOP and share save plans resulted ın a charge of £2 4m ın 2007 (2006 £2 6m)

2007. Details of the share optıon plans are as follows·

	Balance outstanding at the begınning of year	Granted	Exercised	Cancelled	Balance outstanding at the end of the year	Exercıse price for options (in £s)	Weıghted average exercise prıce of options (in £s) (i)	Weighted average contractual lıfe in month of optıons	Exercisable at year end	Weıghted average exercıse prıce of options (in £s) (ıı)
a	10,180,239	1,140,351	1,654,483	381,217	9,284,890	3 15-4 69	3 96	27	-	-
b	2,202,888	-	1,027,212	-	1,271,116	3 52-4 83	4 28	52	1,271,116	4 28
c	1,470,500	-	164,499	13,000	1,402,501	4 40-5 26	4 83	83	702,751	4 40

Notes to the Financial Statements – 31 December 2007

19 Share-based Payments (continued)

2006: Details of the share option plans are as follows:

	Balance outstanding at the beginning of year	Granted	Exercised	Cancelled	Balance outstanding at the end of the year	Exercise price for options (in £s)	Weighted average exercise price of options (in £s) (i)	Weighted average contractual life in month of options	Exercisable at year end	Weighted average exercise price of options (in £s) (ii)
a	11,211,699	1,649,651	2,163,012	512,099	10,180,239	3 14-4 47	3 75	35	-	-
b	2,609,875	-	402,651	4,336	2,202,888	2 97-4 83	4 29	61	2,174,423	4 29
c	1,497,500	-	-	27,000	1,470,500	4 39-5 26	4 79	95	-	-

a) Savings-Related Share Option Scheme for employees approved by shareholders in May 1982 These options are normally exercisable within a period not later than 6 months after the repayment date of the relevant "Save As You Earn" contracts which are for a term of 3, 5 or 7 years
b) Share Option Plan for Directors, senior executives and senior managers approved by shareholders in May 1994
c) Share Option Plan for eligible executives (previously called the Cadbury Schweppes Share Options Plan 1994, as amended at the 2004 AGM)
(i) Weighted average exercise price of options outstanding at the end of the year (in £s)
(ii) Weighted average exercise price of options currently exercisable at year end (in £s)

20 Partners' Capital

	Cadbury UK Limited	Trebor Bassett Limited	The Old Leo Company Ltd	Total
	£'000	**£'000**	**£'000**	**£'000**
At 1 January 2007	143,410	289,481	7,957	440,848
Profit for the year	44,512	3,784	268	48,564
Distribution of profit to the Partners	(44,512)	(3,784)	(268)	(48,564)
Credit to Equity for Share-Based Payments	3,059	601	18	3,679
Transferred to the Partners	39,354	1,536	238	41,128
At 31 December 2007	**185,823**	**291,618**	**8,214**	**485,655**

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

21 Commitments for Capital Expenditure

	2007	2006
	£'000	**£'000**
Commitments for capital expenditure are as follows		
Contracted for but not provided in the financial statements	**3,470**	**4,264**

22 Commitments under Finance Leases

	2007 £'000	2006 £'000
Within one year	20,363	19,778
One to two years	285	20,362
Two to five years	614	734
More than five years	327	492
	21,589	**41,366**

23 Commitments under Operating Leases

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

	2007		2006	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Expiry Date				
Within one year	5	661	0	2
Two to five years	248	2,061	97	4,840
More than five years	6,737	0	7,059	0
	6,990	**2,722**	**7,156**	**4,842**

24 Contingent Liabilities

Guarantees have been given to the Partnership's bankers totalling £3,153,366 (2006 £3,216,000)

25 Related Party Transactions

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

26 Post Balance Sheet Events

On 7 May 2008, Cadbury Schweppes plc demerged its American Beverages business (now Dr Pepper Snapple Group) and changed its name to Cadbury plc

On 23 June 2008, The Lion Confectionery Company Limited changed its name to The Old Leo Company Limited

On 25 February 2008, the Group completed the sale of the Monkhill business to Tangerine Confectionery Ltd The Group's intention to sell this non-core business was announced in 2006 in order to further increase the Partnership's focus on core brands Prior to the sale, the Monkhill business formed part of Trebor Bassett Limited

27 Ultimate Parent Company

The Partnership's ultimate parent company is Cadbury plc, a company registered in England and Wales The results of the Partnership have been consolidated into the Group Financial statements Copies of the Group Financial statements of Cadbury plc are available from Cadbury House, Sanderson Road, Uxbridge, Middlesex UB8 1DH