

Registered number: 00155256

Cadbury UK Limited
Annual Report and Financial Statements
For the year ended 31 December 2020

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Strategic report
For the year ended 31 December 2020

The directors present their Strategic report for the year ended 31 December 2020.

Principal activities and business review

The principal activities of the company during the year were:

- trademark owner. The company receives royalty income from fellow Mondelez group subsidiaries. It also incurs research and development costs relating to these trademarks.
- employer of production employees. The company makes a recharge for their services to Mondelez UK Confectionery Production Limited.

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

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

Mondelez Section 172 statement

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

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

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

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

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

- By 2025, source 100% of our cocoa from Cocoa Life, our global cocoa sustainability program;
- By 2025, use 100% recyclable packaging; and
- By 2025, reduce end-to-end CO2 emissions, water usage in priority locations and food waste.

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

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

Strategic report (continued)
For the year ended 31 December 2020

Mondelez Section 172 statement (continued)

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

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

Results and dividends

The profit for the financial year amounted to £28,289,000 (2019 - £27,143,000), and the company had net assets of £82,220,000 (2019 - £76,883,000).

During the year, dividends of £23,000,000 were paid (2019 - £65,500,000).

Principal risks and uncertainties

Market risk

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

Credit risk

The company has policies that limit the amount of credit exposure to any single financial institution. The majority of receivables during 2020 were with other members of the group. The directors therefore believe there is limited credit risk arising from these receivables.

Liquidity risk

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

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

This report was approved by the board of directors on
board by:

10th September 2021 and signed on behalf of the



T J Gingell
Director

Directors' report
For the year ended 31 December 2020

The directors present their report and the audited financial statements of the company for the year ended 31 December 2020.

Directors

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

R P Duarte De Ascensao (appointed 7 May 2020 and resigned 19 June 2020)

R Gambaccini (appointed 1 July 2020)

T J Gingell

M J Hernandez (resigned 14 February 2020)

R A Hobman

J B Vickery

Results and dividends

Particulars of results and dividends are detailed in the Strategic report.

Future developments

The company will continue to develop its existing activities in accordance with the requirements of the group. None of the future developments are expected to impact the company's ability to continue as a going concern.

Going concern

The company meets its day-to-day working capital requirements through the group's treasury arrangements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the point of approving this Annual Report and Financial Statements. The company therefore continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

The severity, magnitude and duration of the current COVID-19 pandemic has impacted our colleagues and business operations in many ways during 2020.

Throughout the past year the safety of our colleagues has been (and remains) our number one priority.

We introduced extensive measures to protect our people and our facilities and offered our colleagues much-needed emotional and well-being support during what was a difficult time for many people.

This includes implementing social distancing measures and increasing our already stringent hygiene measures, as well as adopting health screenings (and temperature checks) on site. We also increased personal protection equipment for critical roles to further protect employees; and supported colleagues by offering flexible leave options including paid emergency leave to help, for example around childcare.

We also continued to run our factories and sites in line with the Government's clear direction that food and drink was a critical industry which must continue to operate given the vital role it played in ensuring that the broader health and well-being of the nation was maintained.

The terms on which the United Kingdom will continue to trade with the European Union are now determined. We have taken all reasonable steps necessary to mitigate the associated risks and have strong plans in place so that we can continue to serve our customers and consumers moving forward.

Directors' report (continued)
For the year ended 31 December 2020

Streamlined energy and carbon reporting

At Mondelez International, our mission is to lead the future of snacking by creating snacks the right way for both people and planet to love. We aim to make an end-to-end positive impact on the world and the communities where we do business. This is core to who we are as a company. As such, we're committed to using less energy and water, reducing waste and decreasing emissions.

We know that climate change is a real risk to Mondelez International's consumers, our business, our economy and the planet at large. That's why we have set science based targets to reduce our carbon footprint across our value chain globally – from farms growing our ingredients to the packaging around our products. In February 2020 we set a new target to reduce absolute end-to-end greenhouse gas emissions by 10% by 2025, compared to a 2018 baseline. This is in line with reductions in emissions necessary to keep global warming well below 2 degrees Celsius and an important milestone in our work towards creating a sustainable future for snacking.

The Group has increased its focus on continually reducing its global CO2 emissions from manufacturing. This includes improving energy management systems and investing in energy efficient technologies in its factories. Mondelez is also using low-carbon renewable energy sources to reduce its CO2 emissions. In 2019, the group achieved its goal to reduce carbon emissions across its manufacturing operations by 15% by the end of 2020, compared to 2013.

In 2020, the Group also succeeded in improving its overall global energy efficiency by 9%, leading to a total 117,000 tons reduction in CO2 emissions across its manufacturing plants.

Furthermore, Mondelez globally increased its use of renewable energy by 22%; for example the switch to renewable electricity resulted in a reduction of CO2 emissions in the region of 145,000 tons. The Mondelez Mexican manufacturing plants now use 100% renewable energy from wind farm plants and in Australia, the Group has signed a 10-year agreement to source 100% renewable electricity for its Victorian manufacturing sites – reducing the Australia and New Zealand carbon emissions by 60% – 37,700 tons of CO2.

Data and information specific to Cadbury UK Limited

		2020
Scope 1	Gas MWh	331.98
Scope 2	Elec MWh	44.45
Scope 3	Total CO2 kg/FTE	2.18

- **Scope 1 – Direct emissions e.g. fuel use, combustion of natural gas**
Gas usage is recharged from Mondelez UK Confectionery Production Limited to Mondelez UK Services GmbH UK branch for office usage annually. The proportion allocated to Cadbury UK Limited is done on a pro rata basis using headcount as the allocation methodology.
- **Scope 2 – Indirect emissions e.g. electricity purchased**
Electricity usage is incurred in Mondelez UK Services GmbH UK branch. The proportion allocated to Cadbury UK Limited is done on a pro rata basis using headcount as an allocation methodology.
- **Scope 3 – Other indirect emissions e.g. related emissions from business travel**
Data is gathered from our business mileage claims expense system and internal fleet management team. Expensed and used mileage is collated by individual trip multiplied by the average CO2/km per class of vehicle. Usage is displayed providing the metric CO2 kg/FTE.

Directors' report (continued)
For the year ended 31 December 2020

Stakeholder engagement

Employees

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

We have built on our strengths by further building on recognition and celebration in our business, through platforms such as the 'Bravos'; our "always-on" peer to peer recognition. Our internal communications platforms connect colleagues on our plans and offer opportunities for dialogue both in person and virtually - driving reach and transparency leadership and communication.

Colleague well-being has always been at the heart of our business, with a strong recognition that a comprehensive offering can provide benefits to our people and the business outcomes. In 2018, we implemented a new employee well-being offering which was fit for purpose, proactive and which put employee experience at the heart.

Diversity and Inclusion (D&I) is central to our agenda in the UK. Our employee 'Inclusion@MDLZ' programmes support openness in the business and we are creating a work environment where everyone belongs, can be themselves and flourish wherever they are from, whatever their background, beliefs, preference or style.

Our inclusion agenda uses the power of difference; in service of more powerful business outcomes, to support everyone to feel safe and confident in who they are, and promoting inclusion not exclusion. These groups include; Families@MDLZ, LGBTI+, GENDA, Greenbite (environmental action group). We are also partners in the 'Diversity in Grocery' programme.

In 2020 we also announced new enhanced commitments around our existing global D&I initiatives. This followed extensive consultations between company leaders, colleagues and experts through listening forums and educational sessions focused on diversity, inclusion and belonging.

We have appointed our first-ever Global Chief Diversity & Inclusion Officer and also joined the Board Diversity Action Alliance, which seeks to increase the number of racially and ethnically-diverse leaders on the boards of corporations. Mondelez International and its brands also became members of the Unstereotype Alliance, a thought and action platform that seeks to eradicate harmful stereotypes in all media and advertising content.

Our 'Growing Here Weeks' run annually offer a huge number of personal and business focused development opportunities, open to all in support of career development and aspirations. One of our values is 'grow every day' and this is further enabled through our online suite of learning tools including the 'Mondelez University'. We promote learning everyday through; everyday experiences, expertise of others and formal courses (70/20/10).

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

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

We recognise the need to create and support a flexible working environment incorporating, where possible, family friendly policies.

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

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

Directors' report (continued)
For the year ended 31 December 2020

Stakeholder engagement (continued)*Customers*

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

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

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

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

Community

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

We contribute to the local communities in which we operate through donations of funds, in kind donations and colleague time and expertise. Through The Cadbury Foundation we support local and national charities and programmes with a focus on Health and Well-being, Skills and Colleague Passions. We have a huge culture of volunteering through our Impact4Good programme and encourage our colleagues to share their time and expertise in their local communities during their working day.

Our Health for Life programme in Birmingham reached over 18,234 children, teachers, parents and local community members – inspiring them to lead healthier lifestyles through food growing, cooking and physical activity. Through our involvement in Feeding Britain's Future, led by IGD - together with industry our volunteers reached 6,000 young people to showcase our industry, the vast number of career opportunities available and how their current studies relate.

Directors' report (continued)
For the year ended 31 December 2020

Stakeholder engagement (continued)

Community (continued)

In 2020 we also contributed over £6 million in the UK to support COVID-19 emergency efforts:

- working with industry and both national and local charities to organise and distribute over two million products to communities across the country including FareShare, Community Shop, frontline NHS and Trussell Trust foodbanks close to our locations;
- donating funds to the National Emergencies Trust, GroceryAid and Age UK. We also donated funds to support a new kitchen at Bournville Community hub so they could serve older people hot food throughout lockdown; and
- as a business we also supported our local communities in the most innovative of ways. Our Research, Development & Quality facility in Bournville used 3D chocolate printing tech to print PPE for the NHS and other key workers. Our team in Reading also used their onsite capabilities to make hand sanitiser for front line workers.

Environment

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

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

In the past year Mondelez International in the UK has removed 1.1 million plastic trays from its Christmas adult selection boxes; delivered a 15% reduction in the plastic in Cadbury large share bags and also reduced packaging in Cadbury Dairy Milk tablet, saving over 40 tonnes of cardboard.

In sustainable sourcing we have reached our goal to maintain 100% RSPO palm oil, whilst continuing to push for further reforms. 100% of our palm oil is traceable to the mill from suppliers with aligned policies. Cocoa is the essence of our chocolate and vital to our business so we created Cocoa Life – an award winning programme working with cocoa farmers and their communities, co-creating solutions to make cocoa farming a business of choice and to build communities that take on their own development while conserving the natural resources.

We subscribe to the United Nations Guiding Principles (UNGPs) on Business and Human Rights. Our Corporate Responsibility Guidelines and our Code of Conduct guide everything we do as we strive to ensure that human rights are respected within our own operations, as well as our supply chains. We have adopted the Consumer Goods Forum's Forced Labor Priority Industry Principles and the UN's Women's Empowerment Principles. In addition, we are a signatory of the CEO Action for Diversity & Inclusion pledge.

Financial risk management

Particulars of risk are detailed in the Strategic report.

Qualifying indemnity provisions

Qualifying third party indemnity provisions and pension plan indemnity provisions are in force for the company's directors as of the date of this report and were in force for the duration of 2020.

Directors' report (continued)
For the year ended 31 December 2020

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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

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

Independent auditors

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

This report was approved by the board of directors on
the board by:

10th September 2021 and signed on behalf of



T J Gingell
Director



Independent auditors' report to the members of Cadbury UK Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2020; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Discussions with management, including enquiries into the existence and response to any known or suspected instances of non-compliance with laws and regulation and fraud.
- Consideration of any changes to the control environment as a result of Covid-19.
- Testing of journals which may appear to have unusual accounting entries.
- Assessing significant judgements and estimates, in particular those relating to recoverability of deferred tax assets, impairment of investments, goodwill and intangible assets and the disclosures included on these balances within the financial statements.

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

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

Use of this report

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


Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Steven Kentish (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Birmingham

16 September 2021

Cadbury UK Limited

**Statement of comprehensive income
For the year ended 31 December 2020**

	Note	2020 £000	2019 £000
Turnover	4	148,072	137,409
Cost of sales		(66,568)	(58,235)
Gross profit		81,504	79,174
Administrative expenses		(46,930)	(46,688)
Other operating income	5	540	679
Operating profit	6	35,114	33,165
Interest receivable and similar income	8	155	898
Interest payable and similar expenses	9	(2)	(2)
Profit before taxation		35,267	34,061
Tax on profit	10	(6,978)	(6,918)
Profit for the financial year		28,289	27,143
Other comprehensive income for the year		-	-
Total comprehensive income for the year		28,289	27,143

All activities of the company are from continuing operations.

The notes on pages 15 to 33 form an integral part of these financial statements.

Statement of financial position
As at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	12	4,612	5,051
Tangible assets	13	102	107
Investments	14	-	-
		<u>4,714</u>	<u>5,158</u>
Current assets			
Debtors	15	135,481	103,634
Creditors: amounts falling due within one year	16	(57,505)	(30,406)
Net current assets		<u>77,976</u>	<u>73,228</u>
Total assets less current liabilities		<u>82,690</u>	<u>78,386</u>
Provisions for liabilities	18	(470)	(1,503)
		<u>(470)</u>	<u>(1,503)</u>
Net assets		<u>82,220</u>	<u>76,883</u>
Capital and reserves			
Called up share capital	21	49,675	49,675
Profit and loss account		32,545	27,208
Total equity		<u>82,220</u>	<u>76,883</u>

These financial statements on pages 12 to 33 were approved by the board of directors and authorised for issue on 10th September 2021 and were signed on behalf of the board by:



T J Gingell
Director

The notes on pages 15 to 33 form an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2019	49,675	65,541	115,216
Profit for the financial year	-	27,143	27,143
Total comprehensive income for the year	-	27,143	27,143
Dividends paid (note 11)	-	(65,500)	(65,500)
Credit relating to equity-settled share based payments (note 20)	-	24	24
Total transactions with owners recognised directly in equity	-	(65,476)	(65,476)
At 31 December 2019 and 1 January 2020	49,675	27,208	76,883
Profit for the financial year	-	28,289	28,289
Total comprehensive income for the year	-	28,289	28,289
Dividends paid (note 11)	-	(23,000)	(23,000)
Credit relating to equity-settled share based payments (note 20)	-	48	48
Total transactions with owners recognised directly in equity	-	(22,952)	(22,952)
At 31 December 2020	49,675	32,545	82,220

The notes on pages 15 to 33 form an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2020

1. Statement of compliance

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- (a) the requirement to prepare a Statement of cash flows (Section 7 of FRS 102 and para 3.17(d)).
- (b) reduced financial instrument disclosures (FRS 102 paras 11.39 - 11.48A, 12.26 - 12.29).
- (c) disclosure requirements of Section 26 in respect of share based payments (FRS 102 paras 26.18b, 26.19 - 26.21, 26.23).
- (d) the non-disclosure of key management personnel compensation in total (FRS 102 para 33.7).

This information is included in the consolidated financial statements of Mondelez International Inc., as at 31 December 2020.

2.3 Going concern

The company meets its day-to-day working capital requirements through the group's treasury arrangements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the point of approving this Annual Report and Financial Statements. The company therefore continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

The severity, magnitude and duration of the current COVID-19 pandemic has impacted our colleagues and business operations in many ways during 2020.

Throughout the past year the safety of our colleagues has been (and remains) our number one priority.

We introduced extensive measures to protect our people and our facilities and offered our colleagues much-needed emotional and well-being support during what was a difficult time for many people.

This includes implementing social distancing measures and increasing our already stringent hygiene measures, as well as adopting health screenings (and temperature checks) on site. We also increased personal protection equipment for critical roles to further protect employees; and supported colleagues by offering flexible leave options including paid emergency leave to help, for example around childcare.

Notes to the financial statements
For the year ended 31 December 2020

2. Accounting policies (continued)

2.3 Going concern (continued)

We also continued to run our factories and sites in line with the Government's clear direction that food and drink was a critical industry which must continue to operate given the vital role it played in ensuring that the broader health and well-being of the nation was maintained.

The terms on which the United Kingdom will continue to trade with the European Union are now determined. We have taken all reasonable steps necessary to mitigate the associated risks and have strong plans in place so that we can continue to serve our customers and consumers moving forward.

2.4 Consolidated financial statements

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

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

2.5 Related party transactions

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

2.6 Revenue recognition

The turnover shown in the Statement of comprehensive income represents amounts invoiced and accrued in respect of royalties due from, and the recharge for the provision of employment services to, fellow subsidiary companies in the Mondelez group of companies during the year. Royalties are recognised when the service that has led to the royalty being charged has been provided, the customer has accepted the charges in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied. Employee service recharges are recognised at the point that the related payroll costs are incurred.

2.7 Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

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

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

2. Accounting policies (continued)

2.7 Taxation (continued)

(ii) Deferred tax

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

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

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

2.8 Operating leases

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

2.9 Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

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

Amortisation

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

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

Intellectual Property	-	20 years
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Notes to the financial statements
For the year ended 31 December 2020

2. Accounting policies (continued)**2.10 Tangible assets**

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

Depreciation

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

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

Capital work in progress, representing capital items being constructed or not yet in use and freehold land are not depreciated.

2.11 Investments

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

Impairment

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

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

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

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

2.12 Provisions for liabilities

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

Notes to the financial statements
For the year ended 31 December 2020

2. Accounting policies (continued)

2.13 Foreign currency translation

(i) Functional and presentation currency

The company's functional and presentation currency is the Pound Sterling.

(ii) Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

2.14 Employee benefits

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

(i) Short term benefits

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

(ii) Defined contribution pension plans

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

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

(iii) Multi-employer pension plan

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

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

2. Accounting policies (continued)

2.14 Employee benefits (continued)

(iv) Annual bonus plan

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

(v) Share based payments

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

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

2.15 Financial instruments

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

(i) Financial assets

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

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

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

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

(ii) Financial liabilities

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

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

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

Notes to the financial statements
For the year ended 31 December 2020

2. Accounting policies (continued)

2.15 Financial instruments (continued)

(ii) Financial liabilities (continued)

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

2.16 Other operating income

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

2.17 Dividends

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

2.18 Interest income

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

2.19 Finance costs

Bank charges are recognised in the period in which they are incurred.

2.20 Cash pooling

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

The value of the current facility is £70,336,000 and this balance is presented within amounts owed by group undertakings within debtors as at the year end (2019 - £70,687,000, presented within amounts owed by group undertakings within debtors). There are not considered to be limits to the available facility within the normal course of business. This is agreed as a rolling facility which is an integrated part of the Mondelez International Inc. group operations.

3. Critical accounting judgements and estimate uncertainty

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

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

(i) Multi-employer defined benefit pension plan (note 19)

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

Notes to the financial statements
For the year ended 31 December 2020

3. Critical accounting judgements and estimate uncertainty (continued)**(b) Key accounting estimates and assumptions****(i) Intellectual property (note 12)**

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

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

(ii) Deferred tax (note 17)

The recognition of deferred tax assets involves making an assessment as to whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Recognition therefore involves an estimate as to the future financial performance of the legal entity or tax group in which the deferred tax asset has been recognised.

(iii) Provisions for liabilities (note 18)

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

4. Turnover

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

	2020	2019
	£000	£000
Royalty income	74,337	72,103
Income from the provision of employment services	73,735	65,306
	<u>148,072</u>	<u>137,409</u>

Royalty income is generated globally, and geographical analysis is not easily obtainable. Income from the provision of employment services is generated wholly in the United Kingdom.

Notes to the financial statements
For the year ended 31 December 2020

5. Other operating income

	2020	2019
	£000	£000
Rental income	540	679
	<u>540</u>	<u>679</u>

6. Operating profit

The operating profit is stated after charging:

	2020	2019
	£000	£000
Depreciation of tangible fixed assets	5	5
Amortisation of intangible assets	439	439
Other operating lease rentals	2,754	3,285
Staff costs (note 7)	66,702	58,100
	<u>66,702</u>	<u>58,100</u>

All audit costs of the company are borne on behalf of the UK group by a fellow subsidiary undertaking and not separately recharged to the company. An estimated allocation of the audit fee for the year is £15,000 (2019 - £30,000) and includes audit related services in relation to reporting to the entity's ultimate parent company. There were no amounts paid to the auditors in respect of non-audit fees in either year.

7. Staff costs

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

	2020	2019
	No.	No.
Production staff	887	869
Administrative staff	21	22
	<u>908</u>	<u>891</u>

Notes to the financial statements
For the year ended 31 December 2020

7. Staff costs (continued)

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

	2020 £000	2019 £000
Wages and salaries	52,117	44,403
Social security costs	4,965	4,615
Other pension costs	9,572	9,058
Equity-settled share based payments (note 20)	48	24
	<u>66,702</u>	<u>58,100</u>

The directors are remunerated for their services to the group as a whole and not for their specific services to the company. The directors did not receive any emoluments for their services as directors of the company during the year (2019 - £NIL). The directors were remunerated by other group companies and no recharges were paid nor are payable for their services. It is not possible to apportion the proportion of the directors' work that was done for the company. Directors' remuneration is disclosed in full within the consolidated annual report of Mondelez International, Inc.

8. Interest receivable and similar income

	2020 £000	2019 £000
Interest on loans to group undertakings	155	898
	<u>155</u>	<u>898</u>

9. Interest payable and similar expenses

	2020 £000	2019 £000
Bank charges	2	2
	<u>2</u>	<u>2</u>

Notes to the financial statements
For the year ended 31 December 2020

10. Tax on profit

	2020 £000	2019 £000
Current tax		
Current UK tax on profits for the year	6,966	6,510
Adjustments in respect of previous periods	1	-
Total UK current tax	<u>6,967</u>	<u>6,510</u>
Foreign tax relief/other relief	(339)	(81)
	<u>6,628</u>	<u>6,429</u>
Foreign tax on income for the year	339	462
Total current tax	<u>6,967</u>	<u>6,891</u>
Deferred tax		
Origination and reversal of timing differences	9	30
Adjustment in respect of previous periods	(1)	-
Tax rate differences	3	(3)
Total deferred tax (note 17)	<u>11</u>	<u>27</u>
Tax on profit	<u>6,978</u>	<u>6,918</u>

Notes to the financial statements
For the year ended 31 December 2020

10. Tax on profit (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	35,267	34,061
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	6,701	6,472
Effects of:		
Expenses not deductible for tax purposes	274	86
Double taxation relief	(339)	(81)
Tax rate differences	3	(3)
Foreign tax on income for the year	339	462
Non-taxable income	-	(18)
Total tax charge for the year	6,978	6,918

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19% and this was effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by the Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of corporation tax, maintaining the current rate of 19%.

On 3 March 2021, the UK Budget 2021 announcements included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

The company has calculated its deferred tax at a rate of 19% which reflects the corporation tax rate enacted at the balance sheet date.

The company estimates the total impact from this future rate change on deferred tax is an increase to the net deferred tax liability of £11,000.

Notes to the financial statements
For the year ended 31 December 2020

11. Dividends

	2020 £000	2019 £000
Dividends paid to immediate parent company	23,000	65,500
	<u>23,000</u>	<u>65,500</u>

Dividends of £0.46 per ordinary share were paid during the year (2019 - £1.32).

12. Intangible assets

	Intellectual property £000
Cost	
At 1 January 2020	8,781
At 31 December 2020	<u>8,781</u>
Accumulated amortisation	
At 1 January 2020	3,730
Charge in the year	439
At 31 December 2020	<u>4,169</u>
Net book value	
At 31 December 2020	<u>4,612</u>
At 31 December 2019	<u>5,051</u>

Notes to the financial statements
For the year ended 31 December 2020

13. Tangible assets

	Land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2020	108	40	148
At 31 December 2020	<u>108</u>	<u>40</u>	<u>148</u>
Accumulated depreciation			
At 1 January 2020	22	19	41
Charge in the year	3	2	5
At 31 December 2020	<u>25</u>	<u>21</u>	<u>46</u>
Net book value			
At 31 December 2020	<u>83</u>	<u>19</u>	<u>102</u>
At 31 December 2019	<u>86</u>	<u>21</u>	<u>107</u>

Notes to the financial statements
For the year ended 31 December 2020

14. Investments

	Shares in group undertakings £000
Cost	
At 1 January 2020	3
At 31 December 2020	<u>3</u>
Accumulated impairment	
At 1 January 2020	3
At 31 December 2020	<u>3</u>
Net book value	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>-</u>

Subsidiary and group undertakings

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

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

The carrying value of the remaining investments is £NIL (2019 - £NIL).

Notes to the financial statements
For the year ended 31 December 2020

15. Debtors

	2020 £000	2019 £000
Trade debtors	5	29
Amounts owed by group undertakings	134,990	101,984
Other debtors	182	702
Prepayments and accrued income	304	919
	<u>135,481</u>	<u>103,634</u>

Amounts owed by group undertakings include non-trading balances which are unsecured, earn interest at the market reference rate of overnight deposit less 0.125%, with a floor at 0% (2019 - market reference rate of overnight deposit less 0.125%, with a floor at 0%), and are repayable on demand.

16. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	775	656
Amounts owed to group undertakings	41,999	15,831
Corporation tax	6,628	6,429
Other taxation and social security	1,686	1,248
Other creditors	1,720	1,005
Accruals and deferred income	4,697	5,237
	<u>57,505</u>	<u>30,406</u>

17. Deferred tax

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

	2020 £000	2019 £000
Included in provisions for liabilities (note 18)	(35)	(24)
	<u>(35)</u>	<u>(24)</u>

Notes to the financial statements
For the year ended 31 December 2020

17. Deferred tax (continued)

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

	2020 £000	2019 £000
Fixed asset timing differences	3	2
Short term timing differences - trading	(38)	(26)
	<u>(35)</u>	<u>(24)</u>

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19% and this was effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by the Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of corporation tax, maintaining the current rate of 19%.

On 3 March 2021, the UK Budget 2021 announcements included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

The company has calculated its deferred tax at a rate of 19% which reflects the corporation tax rate enacted at the balance sheet date.

The company estimates the total impact from this future rate change on deferred tax is an increase to the net deferred tax liability of £11,000.

18. Provisions for liabilities

	Onerous leases £000	Dilapidations £000	Deferred tax £000	Total £000
At 1 January 2020	435	1,044	24	1,503
Charged/(credited) to profit & loss	(435)	435	11	11
Utilised in the year	-	(1,044)	-	(1,044)
At 31 December 2020	<u>-</u>	<u>435</u>	<u>35</u>	<u>470</u>

The onerous lease and dilapidations provisions have arisen as a result of the company's ongoing focus on establishing and maintaining operating efficiency.

Notes to the financial statements
For the year ended 31 December 2020

19. Employee benefits**Defined contribution plans**

The amount recognised in the Statement of comprehensive income as an expense in relation to defined contribution plans was £1,346,000 (2019 - £1,109,000).

Multi-employer plan

The amount recognised in the Statement of comprehensive income as an expense in relation to multi-employer plans was £8,226,000 (2019 - £7,949,000).

At 31 December 2020, the company actuary estimated the Cadbury Mondelez Pension Fund to have a surplus of £115,900,000 (2019 - surplus of £79,976,000) under the projected unit credit method. The latest full actuarial valuation was carried out as at 5 April 2019, and a new recovery plan was put in place.

20. Share based payments

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

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

	2020 £000	2019 £000
Equity-settled share based payments	48	24
	<u>48</u>	<u>24</u>

21. Called up share capital

	2020 £000	2019 £000
Authorised		
50,000,000 (2019 - 50,000,000) Ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Issued, called up and fully paid		
49,674,973 (2019 - 49,674,973) Ordinary shares of £1 each	49,675	49,675
	<u>49,675</u>	<u>49,675</u>

Notes to the financial statements
For the year ended 31 December 2020

22. Operating leases

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

	2020 £000	2019 £000
Not later than 1 year	2,407	3,491
Later than 1 year and not later than 5 years	9,433	9,925
Later than 5 years	1,769	4,717
	<u>13,609</u>	<u>18,133</u>

23. Controlling party

At 31 December 2020 the immediate parent company was Kraft Foods UK IP & Production Holdings Limited.

At 31 December 2020 the company's ultimate parent company and controlling party was Mondelez International Inc., incorporated in the United States of America. This is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Mondelez International Inc. are available on application from the Company Secretary, Cadbury House, Sanderson Road, Uxbridge, UB8 1DH.