

Company Number: 741326

READING SCIENTIFIC SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012



A34 30/09/2013 #221
COMPANIES HOUSE

READING SCIENTIFIC SERVICES LIMITED
Annual report and financial statements 2012

Officers and professional advisors

Directors	Mrs T J Gale Mrs J M George Mr R Hagan (resigned 30 June 2012) Mr Alan Gundle (appointed 1 July 2012)
Secretary	Cadbury Nominees Ltd
Registered Office	Cadbury House Sanderson Road Uxbridge Middlesex, UB8 1DH
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Cornwall Court 19 Cornwall Street Birmingham B3 2DT
Banks	HSBC London Citibank London

READING SCIENTIFIC SERVICES LIMITED

Report of the Directors

The Directors present their Report, together with the audited financial statements of Reading Scientific Services Limited, ("the Company") for the year ended 29 December 2012 ("the year")

Business review and principal activities

The Company is a wholly owned subsidiary of Mondelez UK Holdings & Services Limited and the ultimate parent company is Mondelez International Inc

As a subsidiary of Mondelez International Inc the Company has taken advantage of the exemption in FRS 8 "Related party disclosures" not to disclose transactions with other members of the group

Mondelez International Inc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 29 December 2012. The consolidated financial statements are available from their registered address of Three Parkway North, Deerfield, Illinois, 60015, USA

The principal activity of the Company throughout the year was to provide research, analysis and consultancy services for the food, drink, consumer goods, chemical and healthcare industries, supporting both internal Mondelez International companies and external customers

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year

The Directors believe that the company's key performance indicators are the percentage growth in sales and operating profit. During the year turnover increased by 8% and operating profit decreased by 181%. Operating profit was impacted by the full provision of a loan relating to a subsidiary of £2,892,000. Without this charge operating profit would have increased by 22%.

The Directors believe that further key performance indicators are not necessary or appropriate for an understanding of the development, performance or position of the business.

Future prospects

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

Principal risks and uncertainties

The Company operates primarily in the UK and Europe and provides value added scientific services to its clients. The loss of key clients remains a risk but is managed through good turnaround times and strong relationships with several key clients. Scientific knowledge is key to the success of our service offering. To mitigate the risk of loss of key knowledge we have implemented knowledge-based IT systems to provide information sharing.

Results and dividends

The loss for the financial year was £1,654,000 (2011: loss of £421,000). No dividends were proposed or paid during the financial year (2011: £nil). The Directors do not recommend payment of a final dividend (2011: £nil).

Revalued Assets

There is a short term lease within fixed assets held at a revaluation. The difference between the book value and the market value is immaterial.

Financial risk management objectives and policies

The Directors meet periodically to discuss financial risks. Based on the Company's financial history, the directors do not feel that the Company is exposed to significant price risk, credit risk, liquidity risk or cash flow risk. No hedging arrangements have been entered into as US dollar and Euro bank accounts are utilised to off-set foreign exchange risk.

Credit risk

The Company is exposed to credit related losses in the event of non-performance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given the Company's policy of selecting only counterparties with high credit ratings. The exposure to credit loss of liquid assets is equivalent to the carrying value on the balance sheet. The Company has policies that limit the amount of credit exposure to any single financial institution. The majority of receivables are with other members of the Mondelez International Group. The Directors therefore believe there is no significant credit risk arising from receivables.

READING SCIENTIFIC SERVICES LIMITED

Report of the Directors - continued

Going Concern

On the basis of the current financial projections and facilities available to the Company, and with due regard to the Company's principal activities during 2012 and its position within the Mondelez International group of Companies, the Directors, after making enquiries, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they consider it appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The Directors of the company who were in office during the year and up to date of signing the financial statements are as stated on page 1.

Qualifying third party indemnity insurance was provided to the Company's Directors and Officers for the entire year covered by these financial statements by the Company's ultimate parent company (see note 18). This cover has continued to the date of approval of these financial statements.

Company Secretary

Cadbury Nominees Limited remains in the role of Company Secretary.

Policy on payment of suppliers

The Company adheres to the CBI Prompt Payers Code whereby the policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. As the majority of costs relate to salaries the calculation of payables days is not significant.

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 Company's performance. Applications for employment by disabled persons are always fully considered. We employ people with disabilities, though not all are formally registered as disabled in UK terms. If an employee becomes disabled, we aim wherever possible to offer an alternative job, with retraining if necessary. Training, career development and promotion opportunities for people with disabilities are consistent with group policy on equal employment opportunities, diversity and inclusiveness.

Charitable and Political Donations

During the year, the Company contributed £4,020 (2011: £426) to charities. No political donations have been made in 2012 (2011: £nil).

A donation of £3,500 was made to the Berkshire Community Foundation, a local charity that delivers an expert grant making services between local organisations and those in need.

Independent auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 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 S418 of the Companies Act 2006.

The Company has also elected to dispense with the obligation to hold Annual General Meetings and to lay the financial statements before the Company in General Meeting.

Statement of directors' responsibilities

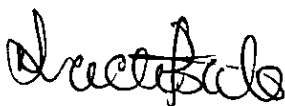
The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



T J Gale
Director
23 September 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF READING SCIENTIFIC SERVICES LIMITED

We have audited the financial statements of Reading Scientific Services Limited for the year ended 29 December 2012 which comprise of the Profit and Loss Account, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Ian Wall (senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court, 19 Cornwall Street, Birmingham, B3 2DT
24 September 2013

READING SCIENTIFIC SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

AS AT 29 DECEMBER 2012

	Notes	2012 £000	2011 £000
TURNOVER	2	10,700	9,894
Cost of sales		(2,287)	(5,294)
GROSS PROFIT		8,413	4,600
Administrative expenses	3	(19,845)	(12,373)
Other operating income	3	10,282	9,200
OPERATING PROFIT		(1,150)	1,427
Restructuring costs		-	(1,203)
Interest payable and similar charges		(40)	(16)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(1,190)	209
Tax on (loss) / profit on ordinary activities	6	(464)	(630)
LOSS FOR THE FINANCIAL YEAR		(1,654)	(421)

The historic cost profit is not materially different and therefore no historic cost profit and loss account is presented

There are no recognised gains or losses in either year other than the (loss) for each year and therefore a Statement of total recognised gains and losses has not been presented

All amounts relate to continuing operations

The notes on pages 10 to 17 form an integral part of these financial statements

READING SCIENTIFIC SERVICES LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
AS AT 29 DECEMBER 2012

	2012	2011
	£000	£000
Shareholders' funds at beginning of year	7,408	7,803
(Loss) for the year	(1,654)	(421)
Share based payment recognised directly in equity	98	26
Shareholders' funds at end of year	<u>5,852</u>	<u>7,408</u>

The notes on pages 10 to 17 form an integral part of these financial statements

READING SCIENTIFIC SERVICES LIMITED

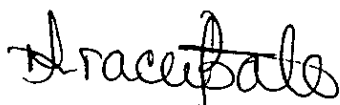
BALANCE SHEET

AS AT 29 DECEMBER 2012

	Notes	2012 £000	2011 £000
FIXED ASSETS			
Investment	7	-	-
Tangible assets	8	<u>11,460</u> 11,460	<u>9,612</u> 9,612
CURRENT ASSETS AND LIABILITIES			
Stocks	9	40	37
Debtors	10	6,598	7,934
Cash at bank and in hand		9	53
Creditors Amounts falling due within one year	11	(10,312)	(8,748)
NET CURRENT LIABILITIES		<u>(3,665)</u>	<u>(724)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,795</u>	<u>8,888</u>
Provision for liabilities	12	(1,943)	(1,480)
NET ASSETS		<u>5,852</u>	<u>7,408</u>
CAPITAL AND RESERVES			
Called up share capital	13	8,582	8,582
Share premium account	14	5	5
Revaluation reserve	14	189	200
Profit and loss account	14	(2,924)	(1,379)
TOTAL SHAREHOLDERS' FUNDS		<u>5,852</u>	<u>7,408</u>

The notes on pages 10 to 17 form an integral part of these financial statements

The financial statements of Reading Scientific Services Limited (registered number 741326) were approved by the Board of Directors



T J Gale
Finance Director
24 September 2013

READING SCIENTIFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 29 DECEMBER 2012

1 Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current year and preceding year.

a) Accounting convention

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of buildings as described below, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

As permitted under section 401 of the Companies Act 2006, no group financial statements have been prepared. The Company is ultimately a wholly owned subsidiary of Kraft Foods Inc, a company incorporated in the United States of America. The results of the Company are included in the audited financial statements of Mondelez International Inc for the year ended 29 December 2012. The consolidated financial statements are available from Mondelez's registered address 3 Lakes Drive, Northfield, Illinois 60093, USA.

b) Cash flow statement

In accordance with the provisions of FRS 1 (revised 1996) "Cash flow statements", the Company has not prepared a cash flow statement because its parent company Mondelez International Inc, which is incorporated in the United States of America, has prepared consolidated financial statements which include the results of the Company for the year and which are publicly available.

c) Fixed assets investments

Fixed asset investments are shown at cost less provision for impairment.

d) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation or any provision for impairment. Depreciation is provided for all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Short leasehold buildings - on valuation over remaining life of the lease

Plant and equipment at between 10 -20% of original cost

Assets under construction are not depreciated until the asset is brought into use.

Prior to 1999 leasehold properties were revalued every five years. Any overall surplus over book value was credited to the revaluation reserve and any overall deficit below historical cost was charged to the profit and loss account in the year of revaluation. Since the adoption of FRS 15 "Tangible fixed assets", in 1999 no further revaluations have been undertaken.

Each year the difference between the depreciation based on the revalued carrying amount of the asset charged to the profit and loss account, and depreciation based on the assets' original cost is transferred from the revaluation reserve to the loss account reserve. On disposal, the profit or loss is calculated by reference to the net book value. Any unamortised revaluation surplus on disposal is transferred from the revaluation reserve to retained profits.

e) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

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

READING SCIENTIFIC SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
AS AT 29 DECEMBER 2012

1 Accounting policies (continued)

f) Research and development expenditure

Research and development expenditure is written off in the financial year in which it is incurred

g) Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate

h) Turnover

This represents the invoiced value of sales (net of discounts) excluding any value added tax

i) Pensions

The company is a participating employer in the Kraft Foods Retirement Benefits Plan and Cadbury Pension Fund, both group operated defined benefit schemes for the benefit of the majority of its employees. The assets of the schemes are held separately from those of the company in independently administered funds. As the company is not able to separately identify its share of the assets and liabilities of the group schemes it accounts for contributions as if they were to a defined contribution pension scheme. Contributions to the scheme are charged to the profit and loss account in the period to which they relate.

j) Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if payments are not made on such a basis.

k) Government grants

Grants of a revenue nature are credited to income in the year to which they relate.

l) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events 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.

m) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

n) Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue during the year. Actual results could differ from these estimates.

2 Turnover

Turnover and operating profit are wholly derived from research, analysis and consultancy work for customers primarily within the United Kingdom, and entirely from the Company's continuing operations.

Analysis of turnover by geographical market is given below

	2012	2011
	£000	£000
UK and Europe	9,981	9,376
North America	598	396
Rest of World	121	122
	<u>10,700</u>	<u>9,894</u>

READING SCIENTIFIC SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
AS AT 29 DECEMBER 2012

3 (Loss)/profit on ordinary activities before taxation

	2012 £000	2011 £000
(Loss)/profit on ordinary activities before taxation is after charging.		
Staff costs	10,210	9,878
Depreciation	1,723	1,282
Auditors' remuneration for the audit of the financial statements	20	20
Operating lease rentals	658	677
Provision of Intercompany debtor	2,892	-
Loss on disposal of assets	<u>52</u>	<u>100</u>

Other operating income relates to income received from related companies for research carried out by Reading Scientific Services Limited

In the current year, the financial statements include a one-off cost of £2,892,000 relating to the full provision of inter-company loans for Galactogen Products Limited. Galactogen Products Limited were acquired in 2003/04 for technology purposes. The company ceased trading and the loan represents the write-off of any remaining liabilities on dissolution. These are one off costs and are not anticipated to recur in the future.

Amounts payable to PricewaterhouseCoopers LLP and their associates by the company in respect of non-audit services were £nil (2011: £nil).

4 Employees and emoluments

	2012 Number	2011 Number
The average monthly number of persons employed by the Company (including executive directors) was	299	281
Employee remuneration for the above comprise	2012 £000	2011 £000
Wages and salaries	9,013	8,444
Social security costs	386	722
Other pension costs	<u>810</u>	<u>712</u>
	<u>10,210</u>	<u>9,878</u>

Other pension costs comprise contributions by the company to the Kraft Foods Retirement Benefits Plan and the Cadbury Pension Fund, both group operated defined benefit schemes of which Mondelez UK Holdings & Services Ltd are the sponsoring employers respectively. With respect to the defined benefit schemes the contributions they receive are based upon the pension cost of the schemes members across the Mondelez group of companies as a whole. Due to the impact of group restructuring and transfers of pension scheme members between group companies, the company is unable to separately identify its share of the underlying assets and liabilities of the schemes on either a consistent or reasonable basis therefore accounts for the schemes as defined contribution plans.

Kraft Foods Retirement Benefits Plan

The latest full actuarial valuation of the pension Plan was carried out as at 1 April 2010 using the projected unit method.

At 29 December 2012 the company actuary estimated the Kraft Foods Retirement Benefits Plan had a deficit of £69,059,000 (2011: £72,206,000) under the projected unit method.

Cadbury Pension Fund

The latest full actuarial valuation of the pension Plan was carried out as at 5 April 2010 using the projected unit credit method. At 29 December 2012 the company actuary estimated the Cadbury Pension Fund had a deficit of £387,300,000 (2011: £312,500,000) under the projected unit credit method.

5 Directors' emoluments

	2012 £000	2011 £000
Emoluments including salaries, benefits in kind and annual bonus	<u>908</u>	<u>1,094</u>

During the year, 4 directors (3 directors in 2011) were members of the Group defined benefit pension scheme. The emoluments of the highest paid director were £450,000 (£823,000 in 2011).

During the year, 3 directors (3 in 2011) received or were due shares under long-term incentive schemes.

READING SCIENTIFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

AS AT 29 DECEMBER 2012

6 Tax on (loss)/profit on ordinary activities

	2012 £000	2011 £000
Current Tax		
UK corporation tax	-	-
Adjustment in respect of prior years	-	-
Deferred tax (see note 12)		
Current year charge	386	632
Changes in tax rate	(169)	-
Adjustments in respect of prior year	246	(2)
Total tax (credit)/charge	464	630

The tax assessed for the year is higher (2011 higher) than the standard rate of corporation tax in the UK

The table below reconciles the UK corporation tax rate applicable in each year to the effective rate obtained by computing the current tax charge as a percentage of profit before tax

	2012 £000	2011 £000
(Loss)/profit on ordinary activities before taxation	(1,190)	209
UK Corporation tax at 24.5% (2011 26.5%)	(292)	55
Effects of:		
Expenses not deductible for tax purposes	601	360
Research and development tax credit		
Capital allowances for the period in excess of depreciation	(403)	(627)
Timing differences	24	(43)
Adjustments in respect of prior year	-	-
Group relief not paid	69	254
	-	-

On 17 July 2012, The Finance Act 2012 was enacted and reduced the rate of UK Corporation tax from 26% to 24% with effect from 1 April 2012 along with a further reduction to 23% with effect from 1 April 2013. The deferred tax balances at 29 December 2012 have accordingly been provided at 23%.

In addition to the changes in rates of Corporation tax disclosed within the note on taxation a number of further changes to the UK Corporation tax system were announced in the March 2013 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 is expected to be included in the Finance Act 2013. A further reduction to the main rate is also proposed to reduce the rate to 20% from 1 April 2015, and is expected to be included in the Finance Act 2013. Neither of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes expected to be enacted in the Finance Act 2013 would be to further reduce the deferred tax liability provided at the balance sheet date by an additional £253,467. This £253,467 decrease in the deferred tax liability would increase profit by £253,467 and increase other comprehensive income by £253,467. This decrease in the deferred tax liability is due to the reduction in the corporation tax rate from 23 per cent to 20 per cent with effect from 1 April 2015.

7 Fixed asset investment

The Company acquired 100% of the issued share capital of Galactogen Products Limited on 30 April 2004. Following a review of the investment in December 2004 this investment has been provided against in full.

The Group holds more than 20% of the share capital of the following principal undertakings all of which are incorporated in England and Wales unless otherwise indicated.

Company	Shares held Class	Principal activity %
Subsidiary undertakings Directly held:		
Galactogen Products Ltd	Ordinary	100 Holding company

READING SCIENTIFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

AS AT 29 DECEMBER 2012

8 Tangible fixed assets

a) The movements in tangible fixed assets were as follows

	Short leasehold buildings £000	Plant & equipment £000	Assets in course of construction £000	Total £000
<u>Cost or valuation</u>				
At beginning of year	6,417	10,325	2,482	19,224
Additions	1,680	959	983	3,622
Retirements	(82)	(82)	-	(164)
Transfers on completion	2,287	195	(2,482)	0
At end of year	<u>10,302</u>	<u>11,397</u>	<u>983</u>	<u>22,683</u>
<u>Accumulated depreciation</u>				
At beginning of year	(2,686)	(6,926)	-	(9,612)
Retirements	58	54	-	112
Charge for the year	(679)	(1,044)	-	(1,723)
At end of year	<u>(3,307)</u>	<u>(7,916)</u>	<u>-</u>	<u>(11,223)</u>
<u>Net book value</u>				
At end of year	<u>6,995</u>	<u>3,481</u>	<u>983</u>	<u>11,460</u>
At beginning of year	<u>3,731</u>	<u>3,399</u>	<u>2,482</u>	<u>9,612</u>

b) Basis of valuation

Plant and equipment are shown at cost. Depreciable properties are stated at the 1991 professional valuation on an existing use basis. The 1996 Directors' valuation estimated the value to be in line with 1991, therefore a full professional valuation was not carried out. Since adoption of FRS 15 "Tangible fixed assets" in 1999 no further revaluations have been undertaken.

Note 16 includes further details of the short leasehold buildings.

c) Historical cost and depreciation

If the revalued assets were stated on a historical cost basis the amount would be as follows

	2012 £000	2011 £000
Historical cost of depreciable properties included at valuation	1,954	1,954
Accumulated depreciation based on cost	(1,016)	(966)
	<u>938</u>	<u>988</u>
Depreciation for the year based on historical cost of those depreciable properties included at valuation	<u>50</u>	<u>50</u>

d) Capital commitments

Commitments for capital expenditure contracted but not provided in the Company's financial statements at the end of the year were £306,776 (£180,040 for 2011).

9 Stocks

	2012 £000	2011 £000
Consumables	40	37

READING SCIENTIFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

AS AT 29 DECEMBER 2012

10 Debtors

	2012	2011
	£000	£000
Amounts falling due within one year		
Trade debtors	2,942	2,962
Amounts owed by Group undertakings	3,342	4,546
VAT	-	235
Loans to employees	3	12
Prepayments and accrued income	311	179
	<u>6,598</u>	<u>7,934</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand

11 Creditors

	2012	2011
	£000	£000
Amounts falling due within one year		
Trade creditors	551	1,155
Amounts owed to Group undertakings	7,001	4,325
VAT	48	-
Other taxation and social security	295	325
Accruals and deferred income	2,416	2,943
	<u>10,312</u>	<u>8,748</u>

Amounts due to group undertakings are unsecured and are repayable on demand

There were no creditors falling due after more than one year (2011 £nil)

12 Provisions for liabilities

Movement on Provisions

	Deferred tax
	£000
Provision at beginning of year	(1,480)
Profit and Loss - current year charge	(386)
Profit and Loss - tax rate change	169
Profit and Loss - adjustments in respect of prior years	(246)
Provision at end of year	<u>(1,943)</u>

The analysis of the deferred tax liabilities included in the financial statements at the end of the year are as follows

	2012	2011
	£000	£000
Accelerated capital allowances	1,974	1,490
Short term timing differences	<u>(31)</u>	<u>(10)</u>
	<u>1,943</u>	<u>1,480</u>

READING SCIENTIFIC SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
AS AT 29 DECEMBER 2012

13 Called up share capital

	2012 £000	2011 £000
Authorised 2012 and 2011 10,000,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called-up and fully paid 2012 and 2011 8,581,721 ordinary shares of £1 each	<u>8,582</u>	<u>8,582</u>

14 Reconciliation of movements on shareholders' funds

	Share premium account £000	Revaluatio n reserve £000	Profit and Loss account £000	Total £000
Balance at beginning of year	5	200	(1,379)	(1,174)
Transfer	-	(11)	11	-
Capital contribution in respect of share based payments	-	-	98	98
Profit for the financial year	-	-	(1,654)	(1,654)
Balance at end of year	<u>5</u>	<u>189</u>	<u>(2,924)</u>	<u>(2,730)</u>

15 Leasing commitments

The minimum annual lease payments in 2012, to which the Company is committed under non-cancellable operating leases as at the year end were as follows

Operating Leases

<u>Leases</u>	2012 £000		2011 £000	
	Land	Other	Land	Other
On leases expiring				
<1 year	-	-	-	-
1 - 5 years	-	293	-	293
Over 5 years	423	-	423	-
	<u>423</u>	<u>293</u>	<u>423</u>	<u>293</u>

The future land lease commitments on the land represent a 21 year lease expiring 31 October 2023

16 Share-based payments

Certain employees of the Company received share awards which were settled using the equity of the ultimate parent company. During the year, the Company recognised total expenses of £98,000 (2011 £26,000) related to these equity-settled share-based payments

Performance Incentive Plan

Under a Performance Incentive Plan eligible employees of the company are granted a "Deferred Stock Unit Award"

	2012 Number of shares	WAFV	2011 Number of shares	WAFV
Opening balance	3,100	£19 25	1,800	£18 83
Granted	5,131	£17 53	1,510	£19 69
Vested/exercised	(4,820)	£17 84	-	-
Forfeited/cancelled	(7,530)	£19 18	-	-
Inter-group reallocation	17,062	£18 66	(210)	£19 69
Closing balance	<u>12,943</u>	<u>£18 66</u>	<u>3,100</u>	<u>£19 25</u>

The fair value of deferred stock is determined based on the number of shares granted and the market value at date of grant. The total charge for the year relating to employee share-based payments under this plan was £nil (2011 - £nil), all of which related to equity-settled share-based payment transactions

READING SCIENTIFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

AS AT 29 DECEMBER 2012

16 Share-based payments (cont'd)

Executive share option scheme

The company has a share option scheme for eligible employees (including directors). Options are granted at an exercise price equal to the market value of the underlying stock on the date of grant. Share options generally become exercisable one-third each year on the first anniversary of the grant date and have a maximum term of ten years. The options are settled in equity once exercised.

If the options remain unexercised after a year of 10 years from the date of grant, the options expire. Options are not transferrable and are forfeited if the employee leaves the company before the options are exercised. If an employee moves within the Mondelez International group then an inter-group re-allocation is made on a time apportioned basis.

Details of the number of share options and the weighted average exercise price (WAEP) during the year are as follows:

	2012		2011	
	Number of shares	WAEP	Number of shares	WAEP
Opening balance	18,520	£19.35	10,800	£19.04
Options exercised	(1,366)	£19.27	-	
Options cancelled/forfeited	(45,184)	£18.624	-	
New options issued in year	30,410	£17.53	8,980	£19.69
Inter-group reallocation	88,271	£18.62	(1,260)	£19.69
Closing balance	<u>90,651</u>	<u>£18.26</u>	<u>18,520</u>	<u>£19.35</u>
Exercisable at the end of the year	37,063	£17.92	3,600	£19.04

In February 2012 options were granted at an exercise price of £17.53 (2011 - £19.69) in Kraft Foods Inc. In October 2012, following the spin-off of Mondelez International Inc from Kraft Foods, shares were distributed on a ratio of 1:3 (1 KRFT share and 3 MDLZ shares for every 3 KFT shares held). The estimated fair value of the options granted was £3.04 (2011 - £2.38). The fair values were calculated by Kraft Foods Inc using a modified Black-Scholes methodology.

The weighted-average Black-Scholes fair value assumptions were as follows:

Risk-free interest rate	1.15%
Expected life	6 years
Expected volatility	18.19%
Expected dividend yield	3.08%
Fair value at grant date	<u>£3.04</u>

17 Ultimate parent company

At 29 December 2012 the immediate parent company was Mondelez UK Holdings & Services Limited.

At 29 December 2012 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 3DH.