

**Company Number: 741326**

**READING SCIENTIFIC SERVICES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2014**

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**READING SCIENTIFIC SERVICES LIMITED**  
**Annual report and financial statements 2014**

**Officers and professional advisors**

<b>Directors</b>	Mrs T J Gale (resigned 27th May 2015) Mrs J M George Mr Alan Gundle Mrs R Henton (appointed 27th May 2015)
<b>Secretary</b>	Cadbury Nominees Ltd
<b>Registered Office</b>	Cadbury House Sanderson Road Uxbridge Middlesex, UB8 1DH
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Cornwall Court 19 Cornwall Street Birmingham B3 2DT
<b>Banks</b>	HSBC London  Citibank London

## **READING SCIENTIFIC SERVICES LIMITED**

### **Strategic Report**

The Board of Directors present their Strategic Report, together with the audited financial statements of Reading Scientific Services Limited, ("the Company") for the year ended 31 December 2014 ("the year").

#### **Principal activities and business review**

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

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

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

During the year the Company completed the refurbishment of additional pharmaceutical laboratory space within a new leased premises, commenced in 2013, in order to fulfil current and future space requirements in line with growth plans.

#### **Results and dividends**

The profit for the financial year was £2,001,000 (2013: £603,000). As at 31 December 2014 Net Assets were £8,249,000 (31 December 2013: £6,394,000). No dividends were proposed or paid during the financial year (2013: £nil). The Directors do not recommend payment of a final dividend (2013: £nil).

#### **Key Performance Indicators**

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 6% and operating profit increased by 224%.

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.

#### **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.

#### **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 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.

On behalf of the Board



Alan Gundle  
Director  
10 November 2015

## **READING SCIENTIFIC SERVICES LIMITED**

### **Directors Report**

The Board of Directors present their Directors Report, together with the audited financial statements of Reading Scientific Services Limited, ("the Company") for the year ended 31 December 2014 ("the year").

#### **Future developments**

The Company is looking to continue the pattern of steady growth over the next five years in line with the strategic plan. This may include further development of existing space and/or the acquisition of additional space at the current sites. There are no major changes planned in the Company's activities in the next year.

#### **Group Structure**

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

Mondelez International Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements are available from their registered address of Three Parkway North, Deerfield, Illinois, 60015, USA.

#### **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.

#### **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 2014 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 16). 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.

#### **Employee involvement**

It is the company's 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. The company recognises the need to create and support a flexible working environment, incorporating where possible, family friendly policies.

The company believes in and supports 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, business review presentations, an annual report and by other communications.

The Company regularly consults with employee groups about the business. Joint consultative committees discuss safety and pension matters. Particular safety issues are considered and dealt with by elected working parties.

#### **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.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

**READING SCIENTIFIC SERVICES LIMITED**

**Directors Report - continued**

**Statement of directors' responsibilities**

The directors are responsible for preparing the directors' report, strategic 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



Alan Gundle  
Director

10 November 2015

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

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Reading Scientific Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit 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.

#### **What we have audited**

The financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended;
- the reconciliation of movements in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities, 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) ("ISAs (UK & 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.

##### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Ian Wall (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
10 November 2015

**READING SCIENTIFIC SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £000	2013 £000
TURNOVER	2	11,905	11,214
Cost of sales		(4,157)	(4,931)
GROSS PROFIT		<u>7,748</u>	<u>6,283</u>
Administrative expenses	3	(15,277)	(14,390)
Other operating income	3	9,196	8,621
<b>OPERATING PROFIT</b>		<u><b>1,667</b></u>	<u><b>514</b></u>
Interest payable and similar charges		(62)	(46)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<u><b>1,605</b></u>	<u><b>468</b></u>
Tax on profit on ordinary activities	6	396	135
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u><b>2,001</b></u></u>	<u><u><b>603</b></u></u>

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 profit for the financial 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 9 to 15 form an integral part of these financial statements.

**READING SCIENTIFIC SERVICES LIMITED**  
**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Shareholders' funds at beginning of year	6,394	5,852
Profit for the year	2,001	603
Share based payment recognised directly in equity	(146)	(61)
<b>Shareholders' funds at end of year</b>	<b><u>8,249</u></b>	<b><u>6,394</u></b>

The notes on pages 9 to 15 form an integral part of these financial statements.



**READING SCIENTIFIC SERVICES LIMITED****BALANCE SHEET****FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £000	2013 £000
<b>FIXED ASSETS</b>			
Investment	7	-	-
Tangible assets	8	<u>11,434</u> 11,434	<u>11,875</u> 11,875
<b>CURRENT ASSETS</b>			
Stocks	9	40	43
Debtors	10	8,639	6,087
Cash at bank and in hand		<u>-</u> 8,679	<u>19</u> 6,149
<b>Creditors: Amounts falling due within one year</b>	11	(10,607)	(9,835)
<b>NET CURRENT LIABILITIES</b>		<u>(1,928)</u>	<u>(3,686)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,506</u>	<u>8,189</u>
<b>PROVISION FOR LIABILITIES</b>			
Deferred taxation	12	(1,257)	(1,795)
<b>NET ASSETS</b>		<u>8,249</u>	<u>6,394</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	8,582	8,582
Share premium account	14	5	5
Revaluation reserve	14	166	178
Profit and loss account	14	(504)	(2,371)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>8,249</u>	<u>6,394</u>

The notes on pages 9 to 15 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



Alan Gundle  
Director  
10 November 2015

**READING SCIENTIFIC SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**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 Mondelez International 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 31 December 2014. 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) Related party transactions**

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.

**d) Fixed assets investments**

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

**e) 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.

**f) 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)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**1 Accounting policies (continued)**

**g) Share based payments**

Prior to its acquisition by Kraft Foods Inc. in February 2010, Cadbury Limited (previously Cadbury plc), issued equity settled share payments to certain Company employees. Following the change in ownership, Kraft Foods Inc. and Mondelez International Inc. (the Company's current ultimate parent company) have issued equity settled share-based payments to certain Company employees and as such full disclosure is provided within the Group financial statements of Mondelez International Inc. for the year ended 31 December 2014 which are available upon application from the Company Secretary, Cadbury House, Sanderson Road, Uxbridge, UB8 1DH.

**h) Research and development expenditure**

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

**i) 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.

**j) Turnover**

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

**k) Pensions**

The company is a participating employer in the Mondelez 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.

**l) 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.

**m) Government grants**

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

**n) 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.

**o) 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.

**p) 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:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
UK and Europe	11,277	10,654
North America	491	435
Rest of World	137	125
	<b><u>11,905</u></b>	<b><u>11,214</u></b>

**READING SCIENTIFIC SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**3 Profit on ordinary activities before taxation**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Profit on ordinary activities before taxation is after charging:</b>		
Staff costs	11,103	9,872
Depreciation	2,036	1,912
Auditors' remuneration for the audit of the financial statements	-	20
Operating lease rentals: Plant and Machinery	590	530
Operating lease rentals: Other	61	63
Loss on disposal of assets	-	1
	<u>11,103</u>	<u>12,398</u>

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

Amounts payable to PricewaterhouseCoopers LLP and their associates by the company in respect of non-audit services were £nil (2013: £nil)

**4 Employees and emoluments**

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
The average monthly number of persons employed by the Company (including executive directors) by activity was:	317	299
<i>Production</i>	161	151
<i>Administration</i>	156	148
 Employee remuneration for the above comprise:		
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	10,168	9,110
Social security costs	1,087	902
Other pension costs	(152)	(156)
	<u>11,103</u>	<u>9,856</u>

Other pension costs comprise contributions by the company to the Cadbury Pension Fund, a group operated defined benefit scheme of which Mondelez UK Holdings & Services Limited (formally Cadbury Holdings Limited) is the sponsoring employer. With respect to the defined benefit scheme the contributions it receives are based upon the pension cost of the schemes members across the Mondelez group of companies as a whole. Due to the impact of historic 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 scheme on either a consistent or reasonable basis therefore accounts for the scheme as a defined contribution plan.

**Mondelez Retirement Benefits Plan**

The latest full actuarial valuation of the pension plan was carried out as at 1 April 2013 using the projected unit method. At 31 December 2014 the company actuary estimated the Mondelez Retirement Benefits Plan had a deficit of £72,508,000 (2013: £47,087,000) under the projected unit method.

**Cadbury Pension Fund**

The latest full actuarial valuation of the pension fund was carried out as at 5 April 2013 using the projected unit credit method. At 31 December 2014 the company actuary estimated the Cadbury Pension Fund had a deficit of £393,900,000 (2013: £249,900,000) under the projected unit credit method.

**Defined Contribution Scheme**

The Company contributes to a defined contribution pension scheme and other pension arrangements. The cost to the Company in relation to the defined contribution scheme was £203,000 (2013: £141,000). There were no outstanding or prepaid contributions at the balance sheet date (2013: £Nil).

**READING SCIENTIFIC SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**5 Directors' emoluments**

	<b>2014 £000</b>	<b>2013 £000</b>
Emoluments including salaries, benefits in kind and annual bonus	<u>557</u>	<u>491</u>

The emoluments of the highest paid director were £205,000 (2013: £202,000).

During the year, 3 directors (2013: 3 directors) were members of the Group defined benefit pension scheme. Benefits are accruing under the defined benefits pension scheme and, at the year end accrued pension amounted to £71,000 (2013: £56,000). During the year, 3 directors (2013: 3 directors) received or were due shares under long-term incentive schemes.

**6 Tax on Profit on ordinary activities**

	<b>2014 £000</b>	<b>2013 £000</b>
<u>Current Tax</u>		
UK corporation tax	77	-
Prior year UK corporation tax	65	-
Overseas tax	<u>-</u>	<u>14</u>
	142	14
Deferred tax (see note 13)		
Current year charge	(230)	97
Changes in tax rate	-	(269)
Adjustments in respect of prior year	<u>(308)</u>	<u>23</u>
<b>Total tax charge/(credit)</b>	<b><u>(396)</u></b>	<b><u>(135)</u></b>

The tax assessed for the year is lower (2013: lower) 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.

	<b>2014 £000</b>	<b>2013 £000</b>
Profit on ordinary activities before taxation	<u>1,605</u>	<u>469</u>
UK Corporation tax at 21.5% (2013: 23.25%)	345	109
<b>Effects of:</b>		
Expenses not deductible for tax purposes	153	90
Research and development tax credit	-	(279)
Capital allowances for the period in excess of depreciation	249	(85)
Timing differences	(2)	(13)
Adjustments in respect of prior year	65	-
Income taxed in earlier period	(61)	-
Group relief not paid	<u>(608)</u>	<u>178</u>
	<u>142</u>	<u>-</u>

On 17 July 2013, The Finance Act 2013 was enacted and reduced the rate of UK Corporation tax from 23% to 21% with effect from 1 April 2014 along with a further reduction to 20% with effect from 1 April 2015. The deferred tax balances at 31 December 2014 have accordingly been provided at 20%.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability by an additional £125,668 and reduce the tax expense for the period by £125,668.

**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:

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

**READING SCIENTIFIC SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**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
<b>Cost or valuation</b>				
At beginning of year	10,619	11,030	1,640	23,289
Additions	771	390	434	1,595
Retirements	-	(3)	-	(3)
Transfers on completion	790	850	(1,640)	-
At end of year	<u>12,180</u>	<u>12,267</u>	<u>434</u>	<u>24,881</u>
<b>Accumulated depreciation</b>				
At beginning of year	(3,840)	(7,574)	-	(11,414)
Retirements	-	3	-	3
Charge for the year	(878)	(1,158)	-	(2,036)
At end of year	<u>(4,718)</u>	<u>(8,729)</u>	<u>-</u>	<u>(13,447)</u>
<b>Net book value</b>				
At end of year	<u>7,462</u>	<u>3,538</u>	<u>434</u>	<u>11,434</u>
At beginning of year	<u>6,779</u>	<u>3,456</u>	<u>1,640</u>	<u>11,875</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 15 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:

	2014 £000	2013 £000
Historical cost of depreciable properties included at valuation	1,954	1,954
Accumulated depreciation based on cost	<u>(1,116)</u>	<u>(1,066)</u>
	<u>838</u>	<u>888</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 £nil. (2013: £593,013).

**9 Stocks**

	2014 £000	2013 £000
Consumables	40	43

**10 Debtors**

	2014 £000	2013 £000
Amounts falling due within one year:		
Trade debtors	3,044	2,765
Amounts owed by Group undertakings	4,176	3,126
Prepayments and accrued income	<u>1,419</u>	<u>196</u>
	<u>8,639</u>	<u>6,087</u>

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

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**FOR THE YEAR ENDED 31 DECEMBER 2014**

**11 Creditors**

	2014 £000	2013 £000
Amounts falling due within one year:		
Bank overdraft	3	-
Trade creditors	600	899
Amounts owed to Group undertakings	6,685	5,234
Other taxation and social security	721	421
Accruals and deferred income	2,598	3,281
	<u>10,607</u>	<u>9,835</u>

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

There were no creditors falling due after more than one year (2013: £nil).

**12 Taxation, including deferred taxation**

Movement on Provisions

	Deferred tax £000
Provision at beginning of year	(1,795)
Profit and Loss - current year credit	230
Profit and Loss - tax rate change	-
Profit and Loss - adjustments in respect of prior years	308
Provision at end of year	<u>(1,257)</u>

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

	2014 £000	2013 £000
Accelerated capital allowances	1,257	1,813
Short term timing differences	-	(18)
	<u>1,257</u>	<u>1,795</u>

**13 Called up share capital**

	2014 £000	2013 £000
Authorised:		
2014 and 2013: 10,000,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called-up and fully paid:		
2014 and 2013: 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	Revaluation reserve £000	Profit and Loss account £000	Total £000
Balance at beginning of year	5	178	(2,371)	(2,188)
Transfer	-	(12)	12	-
Capital contribution in respect of share based payments	-	-	(146)	(146)
Profit for the financial year	-	-	2,001	2,001
Balance at end of year	<u>5</u>	<u>166</u>	<u>(504)</u>	<u>(333)</u>

**READING SCIENTIFIC SERVICES LIMITED**  
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**15 Leasing commitments**

The minimum annual lease payments in 2014, to which the Company is committed under non-cancellable operating leases as at the year end were as follows:

<u>Operating Leases</u>	<b>2014 £000</b>		<b>2013 £000</b>	
	<b>Land and buildings</b>	<b>Other</b>	<b>Land and buildings</b>	<b>Other</b>
On leases expiring:				
<1 year	-	6	-	9
1 - 5 years	-	129	-	142
Over 5 years	508	-	423	-
	<u>508</u>	<u>135</u>	<u>423</u>	<u>151</u>

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

**16 Ultimate parent company**

At 31 December 2014 the immediate parent company was Mondelez UK Holdings & Services Limited.

At 31 December 2014 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.