COMPANY REGISTRATION NUMBER: 00144133

Ernest Jackson & Co Limited

Financial Statements

31 December 2016

Ernest Jackson & Co Limited

Financial Statements

Year ended 31 December 2016

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Ernest Jackson & Co Limited

Officers and Professional Advisers

The board of directors	Mr D M Walter Mr J Briscoe
Company secretary	Cadbury Nominees Limited
Registered office	Cadbury House Sanderson Road Uxbridge Middlesex United Kingdom UB8 1DH
Auditor	PricewaterhouseCoopers LLP Chartered accountants & statutory auditors Cornwall Court 19 Cornwall Street Birmingham B3 2DT

Ernest Jackson & Co Limited

Strategic Report

Year ended 31 December 2016

The directors have pleasure in presenting their strategic report for the period ended 31 December 2016.

Principle activities and business review
The principal activity of the Ernest Jackson & Co Limited ("Company") during the year was the manufacture and distribution of medicated confectionery and vitamins.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Cadbury House, Sanderson Road, Uxbridge, Middlesex, UB8 1DH.

Results and dividends
The profit for the financial year, after taxation, amounted to £2,235,000 (2015: £772,000). The net assets of the Company increased to £11,380,000 (2015: £9,207,000). The directors have not recommended a dividend.

Key performance indicators
The key performance indicators during the period are set out in the table below:

	2016	2015	
Growth in Sales	**(33.70%)**	2.71%	Decrease in sales from 2015 to 2016 due to transition of Halls to Mondelez at the end of Q1
Gross margin	**38.64%**	30.03%	Gross margin is the ratio of gross profit to sales expressed as a percentage.

Principle risks and uncertainties
The Company operates primarily in the UK, creating, manufacturing and selling a range of licenced and un-licenced medicated confectionery and vitamins. The risk of losing key clients is managed through strong working relationships and good customer service together with the ownership of the intellectual property.

The Company's operations expose it to a variety of potential financial risks that include price risk, the effects of foreign currency exchange rates, credit risks, liquidity, interest rates and cash flow. The directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The risk management procedures are implemented by the Company's finance department and approved by the parent company. The department has specific guidelines to manage financial risk. The Company does not use financial instruments speculatively.

Price risk and foreign currency exchange risk
The Company has limited exposure to price risk and foreign currency exchange risk.

Credit risk
The Company has implemented policies that require appropriate credit checks on potential and existing customers, before sales are made. The amount of any exposure to any individual counterpart is subject to a limit which is reassessed regularly.

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

Interest rate and cash flow risk
The Company has interest bearing assets and interest bearing liabilities. The interest bearing assets are cash balances and inter-company loans. Interest is earned at variable rates. The only interest bearing liabilities are finance lease agreements which are at fixed rates.

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

This report was approved by the board of directors on 28 April 2017 and signed on behalf of the board by:

Mr D M Walter
Director
Approved by the directors on 28 April 2017

Ernest Jackson & Co Limited

Directors Report

Year ended 31 December 2016

The directors present their report and the financial statements of the Company for the year ended 31 December 2016.

Directors

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

Mr D M Walter
Mr J Briscoe (appointed 1 August 2016)
Mr D R Harding- Smith (resigned 1 July 2016)
Mr S Snell (appointed 15 April 2016, resigned 1 August 2016)

None of the directors had any interest in the share capital of the Company at year end.

Dividends

The directors do not recommend the payment of a dividend.

Financial Risk Management

The particulars of financial risk are detailed in the strategic report on page 2 and 3 of these financial statements.

Future developments

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

Going Concern

On the basis of the current financial projections and facilities available to the Company, and with the due regard to the company's principal activities during 2016 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.

Qualifying indemnity provision

Qualifying third party indemnity provisions and pension scheme 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 2016.

Director's responsibilities statement

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland (FRS102).

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 the profit or loss of the Company for that period.

Director's responsibilities statement *(continued)*

In preparing these 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 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.

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.

Disclosure of information to the auditors

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

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

Independent auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

This report was approved by the board of directors on 28 April 2017 and signed on behalf of the board by:

Mr D M Walter
Director
Approved by the directors on 28 April 2016

Report on the financial statements

Our opinion

In our opinion, Ernest Jackson & Co 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 2016 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 Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year ended,
- the Statement of Changes in Equity 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 United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland", and applicable law (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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of this audit;

- the information 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; and
- the Strategic Report and the Directors Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors Report. We have nothing to report in this respect.

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 Directors' Responsibilities Statement set out on pages 4 and 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) ("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 and 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 and financial statements 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

Ian Wall (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Birmingham
02 May 2017

Ernest Jackson & Co Limited

Statement of Comprehensive Income

Year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	3	**15,021**	22,653
Cost of sales		**(9,217)**	(15,851)
Gross profit		**5,804**	6,802
Distribution costs		**(719)**	(867)
Administrative expenses		**(2,865)**	(5,164)
Operating profit	4	**2,220**	771
Attributable to:			
Operating profit before exceptional items		**1,230**	1,912
Exceptional items		**990**	(1,141)
Operating profit after exceptional items		**2,220**	771
Interest receivable and similar charges		**15**	1
Interest payable and similar charges		**-**	-
Profit on ordinary activities before taxation		**2,235**	772
Tax on profit on ordinary activities	7	**-**	-
Profit for the financial year and total comprehensive income		**2,235**	772

All the activities of the Company are from continuing operations.

The Company has no other comprehensive income for either year as set as out above

The notes on pages 12 to 23 form part of these financial statements.

Ernest Jackson & Co Limited

Statement of Financial Position

31 December 2016

	Note	£000	2016 £000	2015 £000
Fixed assets				
Intangible assets	8		-	-
Tangible assets	9		2,403	2,864
			2,403	2,864
Current assets				
Stocks	10	2,674		3,555
Debtors	11	10,468		6,754
Cash at bank and in hand		1,603		2,028
		14,745		12,337
Creditors: amounts falling due within one year	12	(5,766)		(5,992)
Net current assets			8,979	6,345
Total assets less current liabilities			11,382	9,209
Creditors: amounts falling due after more than one year	13		(2)	(2)
Net assets			11,380	9,207
Capital and reserves				
Called up share capital	14		38	38
Profit and loss account			11,342	9,169
Shareholders' funds			11,380	9,207

These financial statements were approved by the board of directors and authorised for issue on 28 April 2017, and are signed on behalf of the board by:

Mr D M Walter
Director

Company registration number: 00144133

The notes on pages 12 to 23 form part of these financial statements.

Ernest Jackson & Co Limited

Statement of Changes in Equity

Year ended 31 December 2016

	Called up share capital £000	Profit and loss account £000	**Total £000**
At 1 January 2015	38	8,435	**8,473**
Profit for the year	–	772	**772**
Total comprehensive income for the year	–	772	**772**
Credit relating to equity settled share-based payments	–	7	**7**
Charge from parent for equity settled share-based payments	–	(45)	**(45)**
Total transactions with owners , recognised in equity	–	(38)	**(38)**
At 31 December 2015	38	9,169	**9,207**
Profit for the year	–	2,235	**2,235**
Total comprehensive income for the year	–	2,235	**2,235**
Credit relating to equity settled share-based payments	–	10	**10**
Charge from parent for equity settled share-based payments	–	(72)	**(72)**
Total transactions with owners , recognised in equity	–	(62)	**(62)**
At 31 December 2016	38	11,342	**11,380**

The notes on pages 11 to 22 form part of these financial statements.

1. Statement of compliance

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

2. Accounting policies

Basis of preparation

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

These financial statements have been prepared on a going concern basis, under 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 this note.

Critical accounting judgements and estimation uncertainty

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

a) Multi- employer defined benefit pension scheme

Certain employees participate in a multi-employer defined benefit scheme 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 account reliably for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 5 for further details.

The directors have not identified any critical accounting estimates and assumptions.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Mondelez International Inc., which can be obtained from the Company Secretary, Cadbury House, Sanderson Road, Uxbridge, UB8 1DH. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

a) No cash flow statement has been presented for the Company.
b) Disclosures in respect of financial instruments have not been presented.
c) Certain section 26 disclosures in respect of share based payment have not been presented.
d) Key management personnel compensation in total have not been disclosed.

2. Accounting policies *(continued)*

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Cash flow statement

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Mondelēz International Inc, includes the company's cash flows in its own consolidated financial statements.

Revenue recognition

Turnover is shown net of Valued Added Tax, rebates and discounts. Turnover is recognised on despatch of the goods.

Exceptional Items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

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

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

(iii) Multi-employer pension plan

In 2016 the Cadburys Pension Fund merged with the Mondelez Retirements Benefits Plan to form the Cadbury Mondelez Pension Fund ("CMPF"). The Company was a participating employer in both funds which operated as defined benefit schemes for the benefit of the majority of its employees. Almost all of the assets and liabilities of the Plan were transferred to the CMPF and from May onward the benefits of those transferring members were also paid into the CMPF. The assets of the scheme are held separately from those of the Company in an independently administered fund.

2. Accounting policies *(continued)*

Employee benefits *(continued)*

(iii) Multi-employer pension plan

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.

(iv) Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account 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 fair value is measured by reference to the number and market value of the equity instruments at the date of 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 made to the Company when the share awards have vested are recognised when paid and accounted for as a decrease in equity.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is 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.

(ii) Deferred tax

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

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

2. **Accounting policies** *(continued)*

Income tax

(ii) Deferred tax

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.

Foreign currencies

The company's functional and presentational currency is the pound sterling. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange gains and losses on settled transactions are reported in the profit and loss account. Monetary assets and liabilities in foreign currencies have been expressed in sterling at the rates ruling at the end of the period, except when covered by an open foreign exchange contract in which case the rate of exchange specified in the contract is used, and any gains or losses reported in the profit and loss account.

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.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any 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.

Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of 20%, on a straight line basis.

When factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances,

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

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:

Freehold Property	-	2.5% straight line basis
Plant & Machinery	-	10-20% straight line basis
Fixtures & Fittings	-	10% straight line basis
Equipment	-	10-33% straight line basis

Assets under construction are stated at cost. These are not depreciated until the asset is available for use.

2. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Financial instruments

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

(i) Financial assets

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

Such assets are subsequently carried at amortised cost using the effective interest method.
At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.
If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.
Financial assets are derecognised when:

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

(ii) Financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

2. Accounting policies *(continued)*

Financial instruments *(continued)*

(ii) Financial liabilities *(continued)*

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

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Turnover

The turnover is attributable to the one principal activity of the Company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2016	2015
	£000	£000
United Kingdom	14,503	21,823
Overseas	518	830
	15,021	22,653

4. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£000	£000
Depreciation of tangible assets	595	718
Impairment of stock	78	193
Stock recognised as an expense	7,322	9,755
Operating lease charges	217	270
Foreign exchange differences	31	(3)
Exceptional Items*	(990)	1,141

* In the current year, the financial statements include a credit from Mondelez Europe GmBH of £990,000. This is a result of a partial reimbursement of the charge made in 2015 amounting to £1,141,000.

Audit fees for the Company are borne on behalf of the UK group by a fellow subsidiary undertaking and not recharged to the Company. An estimated allocation of the audit fee for the year is £5,000 (2015: £5,000).

Amounts payable to PricewaterhouseCoopers LLP and their associates by the Company in respect of non-audit services were £nil (2015: £nil).

5. Staff costs

The average number of persons employed by the Company during the year, including the directors, amounted to:

	2016	2015
	No	No
Production staff	**58**	64
Administrative staff	**54**	58
	112	122

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

	2016	2015
	£000	£000
Wages and salaries	**3,775**	3,820
Social security costs	**286**	362
Other pension costs	**382**	366
	4,443	4,548

Multi-employer defined benefit scheme

Other pension costs comprise contributions by the Company to the Cadbury Mondelez Pension Fund ('CMPF'), the group operated defined benefit scheme of which Mondelez UK Holdings & Services Limited are the sponsoring employers. With respect to the defined benefit scheme the contributions they receive are based upon the pension cost of the scheme 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. The amount recognised in profit or loss as an expense in relation to the multi-employer scheme were £306,714 (2015: £299,776).

Mondelez retirement benefits plan

The latest full actuarial valuation of the pension plan was carried out as at 5 April 2013 using the projected unit credit method. At 31 December 2016 the Company's actuary estimated the Mondelez Retirement Benefits Plan had a deficit of £Nil (2015: £71,683,000) under the projected unit credit method. The plan has now been merged with the Cadburys Pension Fund to form the Cadburys Mondelez Pension Fund.

Cadburys Mondelez Pension Fund

The latest full actuarial valuation of the pension fund was carried out as at 1 December 2015 using the projected unit credit method. At 31 December 2016 the Company actuary estimated the Cadbury Mondelez Pension Fund had a deficit of £574,100,000 (2015: £341,657,000) under the projected unit credit method. The deficit in 2015 related to the old Cadburys Pension Fund.

5. Staff costs *(continued)*

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 £75,285 (2015: £66,337). There were no outstanding or prepaid contributions at the balance sheet date 31 December 2016 (2015: £nil).

Share- based payments

The total charge for the period was £10,203 (2015: £7,251). Recharges of £71,878 (2015: £44,721) made to company were recognised directly in equity.

6. Directors remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2016	2015
	£000	£000
Remuneration	**130**	124

Benefits are accruing under a defined benefits pension scheme and, at the year end the accrued pension amounted to £37,122 (2015: £36,980)

One director (2015: one) was paid by the Company in the year in respect of his services to the Company. Other directors received emoluments from the associated Company with the group.

7. Tax on profit on ordinary activities

Tax expense included in profit or loss

Current Tax	**2016**	2015
	£000	£000
UK Corporation tax on profits for the year	–	–
Adjustment in respect of prior periods	–	–
Total current tax	–	–

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016	2015
	£000	£000
Profit on ordinary activities before taxation	**2,235**	772
Profit multiplied by the standard rate of tax in the UK of 20% (2015: 20.25%)	**447**	156
Effects of: Expenses not deductible for tax purposes	**3**	3
Effects of: Unrecognised deferred tax	**150**	140
Effects of: Group relief not paid for	**(600)**	(299)
Tax charged on profit on ordinary activities	–	–

7. Tax on profit on ordinary activities *(continued)*

Factors that may affect future tax income

The Company has unrecognised deferred taxation (assets) as follows:

	2016	2015
	£000	£000
Not provided for in financial statements:		
Accelerated capital allowance	**(1,338)**	(1,309)
Other timing differences	**(41)**	(13)
	(1,379)	(1,322)

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Further reductions to the UK Corporation tax rates were enacted as part of the Finance (No 2) Act 2015 which received royal assent on 18 November 2015 .These reduce the main corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. A further reduction of the main corporation tax rate to 17% from 1 April 2020 was enacted as part of the Finance Act 2016 which received royal assent on 15 September 2016

At 31 December 2016 and 2015 deferred tax assets (measured at the enacted rate at the balance sheet date of 17% and 18% respectively) were not recognised as there was no expectation of reversal in the foreseeable future due to the availability of Group tax losses.

8. Intangible Assets

	Software Costs	**Total**
	£000	**£000**
Cost		
At 1 Jan 2016	83	83
Additions	–	–
At 31 Dec 2016	83	83
Amortisation		
At 1 Jan 2016	83	83
Amortisation for the year	-	-
At 31 Dec 2016	83	83
Net book amount		
At 31 Dec 2016	–	–
At 31 Dec 2015	-	-

9. Tangible assets

	Freehold property £000	Asset Under Construction £000	Plant and machinery £000	Fixtures and fittings £000	Equipment £000	Total £000
Cost						
At 1 Jan 2016	893	180	9,779	2,410	483	13,745
Additions	32	89	22	70	14	227
Capitalised	-	(93)	-	-	-	(93)
At 31 Dec 2016	925	176	9,801	2,480	497	13,879
Depreciation						
At 1 Jan 2016	343	-	8,228	1,883	427	10,881
Charge for the year	14	-	372	182	27	595
At 31 Dec 2016	357	-	8,600	2,065	454	11,476
Net book amount						
At 31 Dec 2016	568	176	1,201	415	43	2,403
At 31 Dec 2015	550	180	1,551	527	56	2,864

10. Stocks

	2016 £000	2015 £000
Raw materials and consumables	**720**	872
Work in progress	**161**	132
Finished goods and goods for resale	**1,664**	2,413
Non resale stocks - engineering stocks	**129**	138
	2,674	3,555

Stock is stated after provisions for impairment of £78,000 (2015: £131,000).

11. Debtors

	2016 £000	2015 £000
Trade debtors	**2,364**	4,594
Amounts owed by group undertakings	**7,958**	1,989
Other debtors	**15**	34
Prepayments and accrued income	**131**	137
	10,468	6,754

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

12. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	**1,023**	1,475
Amounts owed to group undertakings	**3,291**	2,133
Other creditors	**830**	1,343
Accruals and deferred income	**622**	1,041
	5,766	5,992

Amounts due to group undertakings are unsecured, interest free and are repayable on demand.

13. Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Amounts owed to group undertakings	**–**	-
Preference shares of £1 each – 1,735,000	**2**	2
	2	2

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

14. Called up share capital

Issued, called up and fully paid

	2016 No	2016 £000	2015 No	2015 £000
Amounts presented in equity:				
Ordinary shares of £1 each	38,000	38	38,000	38

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital

	2016 No	2016 £000	2015 No	2015 £000
Amounts presented in liabilities:				
Preference shares of £1 each	1,735	2	1,735	2

The preference shares are classified as liabilities in the balance sheet.

15. Capital and other Commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods

	2016	2015
	£000	£000
Not later than 1 year	173	188
Later than 1 year and not later than 5 years	424	383
Later than 5 years	-	-
	597	571

16. Controlling party

At 31 December 2016 the immediate parent Company was Kraft Foods UK IP & Production Holdings Limited.

At 31 December 2016 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.