

Registered number: 06745250

Mondelez International Services Limited

Annual Report and Financial Statements

For the year ended 31 December 2022



Mondelez International Services Limited

Contents

	Page
Strategic report	1
Directors' report	2 - 4
Independent auditors' report to the members	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 - 22

**Strategic report
For the year ended 31 December 2022**

The directors present their Strategic report for the year ended 31 December 2022.

Principal activities and business review

The principal activity of the company during the year was that of a HR services company recharging UK employees working overseas to their host company, and also the recharging of HR administration services.

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

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

Results and dividends

The profit for the financial year amounted to £362,000 (2021 - £303,000) and at the year end the company had net assets of £3,991,000 (2021 - £3,602,000).

During the year, no dividends were paid (2021 - £NIL).

Principal risks and uncertainties

Market risk

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

Credit risk

The company has policies that limit the amount of credit exposure to any single financial institution. The majority of receivables during 2022 were with other members of the group. The directors therefore believe there is limited credit risk arising from these receivables.

Liquidity risk

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

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

This report was approved by the board of directors on 12th September 2023 and signed on behalf of the board by:



H J O'Brien
Director

Directors' report
For the year ended 31 December 2022

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

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:

T J Gingell (resigned 26 January 2022)
K V Mendez (resigned 14 January 2022)
H J O'Brien (appointed 26 January 2022)
D J Shepard (appointed 14 January 2022)
J B Vickery

Results and dividends

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

Future developments

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

Going concern

The company is in a net current asset position and directors have certainty that it will be able to continue to meet its day-to-day working capital requirements through the group's treasury arrangements for the foreseeable future, and for at least the next 12 months from the date of this report.

Where access to working capital, such as the recoverability of the company's receivables, is linked to the operations of wider Mondelez global trading subsidiaries, the directors have taken steps to assess the relative exposure of these debtors and concluded that there is no indication of material risk over recoverability.

In concluding on going concern, the directors have also considered the extent of potential severe but plausible downsides, such as a fall in income driven by a decrease in demand for HR services provided, however do not consider these events would give rise to going concern implications for the company.

In February 2022, the UK Government announced its 'Plan for Living with COVID-19', removing all remaining domestic restrictions while encouraging behaviours through public health advice, in common with longstanding ways of managing other infectious illnesses. We continue to align with the latest Government guidance for any employees with symptoms or who have tested positive for COVID-19, and have now removed all the additional social distancing and hygiene measures that we put in place as a result of COVID-19. As such, while COVID-19 continued to impact our colleagues and business operations in 2022, it was to a much lesser extent than the prior year.

The directors continue to take all reasonable steps necessary to mitigate the associated risks with Brexit and have strong plans in place so that we can continue to serve our customers and consumers moving forward. We continue to serve customers in Northern Ireland from Great Britain using transitional border agreements, while a finalised agreement between the United Kingdom and the European Union over Great Britain to Northern Ireland border procedures is awaited.

The directors are actively monitoring the situation in Ukraine. Although this doesn't materially directly affect any entities within the United Kingdom, the directors are taking all reasonable steps necessary to mitigate any associated risks to ensure all operational and financial performance is maintained.

Directors' report (continued)
For the year ended 31 December 2022

Going concern (continued)

As a result of this assessment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the point of approving this Annual Report and Financial Statements. The company therefore continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Employees

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

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

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

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

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

Employee involvement in the company's performance is encouraged through an employee bonus scheme.

Financial risk management

Particulars of risk are detailed in the Strategic report.

Qualifying indemnity provisions

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 2022.

Charitable donations

The Mondelez group of companies make charitable contributions but these are facilitated by a fellow subsidiary entity of the group and not directly by Mondelez International Services Limited.

Directors' report (continued)
For the year ended 31 December 2022

Statement of directors' responsibilities in respect of the financial statements

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

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' confirmations

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

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

Independent auditors

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

This report was approved by the board of directors on *12th September* 2023 and signed on behalf of the board by:



H J O'Brien
Director

Independent auditors' report to the members of Mondelez International Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Mondelez International Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2022; the Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing of meeting minutes of those charged with governance;
- Identifying and testing journal entries with unusual account combinations; and
- Challenging assumptions and judgements made by management in their accounting estimates and judgements

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

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

Use of this report

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

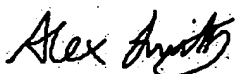
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Alex Smith (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Birmingham

13 September 2023

Mondelez International Services Limited

**Statement of comprehensive income
For the year ended 31 December 2022**

	Note	2022 £000	2021 £000
Turnover	5	17,391	17,242
Cost of sales		(16,530)	(15,910)
Gross profit		861	1,332
Administrative expenses		(488)	(1,028)
Operating profit	6	373	304
Interest receivable and similar income	9	55	1
Profit before taxation		428	305
Tax on profit	10	(66)	(2)
Profit for the financial year		362	303
Other comprehensive income for the year		-	-
Total comprehensive income for the year		362	303

All activities of the company are from continuing operations.

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

Statement of financial position
As at 31 December 2022

	Note	2022 £000	2021 £000
Current assets			
Debtors	11	8,501	8,651
Creditors: amounts falling due within one year	12	(4,351)	(4,940)
Net current assets		<u>4,150</u>	<u>3,711</u>
Total assets less current liabilities		<u>4,150</u>	<u>3,711</u>
Provisions for liabilities	14	(159)	(109)
		<u>(159)</u>	<u>(109)</u>
Net assets		<u><u>3,991</u></u>	<u><u>3,602</u></u>
Capital and reserves			
Called up share capital	17	100	100
Profit and loss account		<u>3,891</u>	<u>3,502</u>
Total equity		<u><u>3,991</u></u>	<u><u>3,602</u></u>

These financial statements on pages 8 to 22 were approved by the board of directors and authorised for issue on *12th September* 2023 and were signed on behalf of the board by:

H. O'Brien

H J O'Brien
Director

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

Mondelez International Services Limited

**Statement of changes in equity
For the year ended 31 December 2022**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	100	3,142	3,242
Profit for the financial year	-	303	303
Total comprehensive income for the year	-	303	303
Credit relating to equity-settled share based payments (note 16)	-	57	57
Total transactions with owners recognised directly in equity	-	57	57
At 31 December 2021 and 1 January 2022	100	3,502	3,602
Profit for the financial year	-	362	362
Total comprehensive income for the year	-	362	362
Credit relating to equity-settled share based payments (note 16)	-	27	27
Total transactions with owners recognised directly in equity	-	27	27
At 31 December 2022	100	3,891	3,991

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

Notes to the financial statements
For the year ended 31 December 2022

1. General information

The principal activity of the company during the year was that of a HR services company recharging UK employees working overseas to their host company, and also the recharging of HR administration services.

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

2. Statement of compliance

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

3. Accounting policies

3.1 Basis of preparation of financial statements

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

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- (a) the requirement to prepare a Statement of cash flows (Section 7 of FRS 102 and para 3.17(d)).
- (b) reduced financial instrument disclosures (FRS 102 paras 1.1.39 - 1.1.48A, 12.26 - 12.29).
- (c) disclosure requirements of Section 26 in respect of share based payments (FRS 102 paras 26.18b, 26.19 - 26.21, 26.23).
- (d) the non-disclosure of key management personnel compensation in total (FRS 102 para 33.7).

This information is included in the consolidated financial statements of Mondelez International Inc., for the year ended 31 December 2022.

3.3 Going concern

The company is in a net current asset position and directors have certainty that it will be able to continue to meet its day-to-day working capital requirements through the group's treasury arrangements for the foreseeable future, and for at least the next 12 months from the date of this report.

Where access to working capital, such as the recoverability of the company's receivables, is linked to the operations of wider Mondelez global trading subsidiaries, the directors have taken steps to assess the relative exposure of these debtors and concluded that there is no indication of material risk over recoverability.

In concluding on going concern, the directors have also considered the extent of potential severe but plausible downsides, such as a fall in income driven by a decrease in demand for HR services provided, however do not consider these events would give rise to going concern implications for the company.

Notes to the financial statements
For the year ended 31 December 2022

3. Accounting policies (continued)

3.3 Going concern (continued)

In February 2022, the UK Government announced its 'Plan for Living with COVID-19', removing all remaining domestic restrictions while encouraging behaviours through public health advice, in common with longstanding ways of managing other infectious illnesses. We continue to align with the latest Government guidance for any employees with symptoms or who have tested positive for COVID-19, and have now removed all the additional social distancing and hygiene measures that we put in place as a result of COVID-19. As such, while COVID-19 continued to impact our colleagues and business operations in 2022, it was to a much lesser extent than the prior year.

The directors continue to take all reasonable steps necessary to mitigate the associated risks with Brexit and have strong plans in place so that we can continue to serve our customers and consumers moving forward. We continue to serve customers in Northern Ireland from Great Britain using transitional border agreements, while a finalised agreement between the United Kingdom and the European Union over Great Britain to Northern Ireland border procedures is awaited.

The directors are actively monitoring the situation in Ukraine. Although this doesn't materially directly affect any entities within the United Kingdom, the directors are taking all reasonable steps necessary to mitigate any associated risks to ensure all operational and financial performance is maintained.

As a result of this assessment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the point of approving this Annual Report and Financial Statements. The company therefore continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

3.4 Related party transactions

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

3.5 Revenue recognition

The turnover shown in the Statement of comprehensive income represents amounts invoiced and accrued during the year, in respect of HR service recharges to fellow subsidiary companies in the Mondelez group of companies during the year. Turnover is recognised when the services have been provided to the respective customer and the customer has accepted the services in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all the criteria for acceptance have been satisfied. Other intercompany recharges are recognised at the point that the related costs are incurred.

The company incurs a number of pass through costs on behalf of other group entities. Where these do not form part of the business's principal activity and have no net impact on profit, these costs and recharges are presented on a net basis within the Statement of comprehensive income.

3.6 Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

Notes to the financial statements
For the year ended 31 December 2022

3. Accounting policies (continued)

3.6 Taxation (continued)

(i) Current tax

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

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

(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 the financial statements.

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

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

3.7 Provisions for liabilities

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

3.8 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

3. Accounting policies (continued)

3.9 Employee benefits

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

(i) Short term benefits

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

(ii) Defined contribution pension plans

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

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

(iii) Multi-employer pension plan

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

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

(iv) Annual bonus plan

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

(v) Share based payments

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

Equity settled share based payment transactions for employee services received are measured at fair value and recognised as an expense spread over the service periods for share awards expected to vest. The corresponding credit is recognised in retained earnings as a component of equity. The fair value is measured by reference to the number and market value of the equity instruments at the date of the grant. At each Statement of financial position date the company revises its estimates of the number of awards that are expected to vest and recognises the impact in the Statement of comprehensive income 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.

3.10 Financial instruments

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

3. Accounting policies (continued)

3.10 Financial instruments (continued)

(i) Financial assets

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

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

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

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

(ii) Financial liabilities

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

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

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

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

3.11 Interest income

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

3.12 Cash pooling

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

The value of the current facility is £4,588,000 and this balance is presented within amounts owed by group undertakings within debtors as at the year end (2021 - £2,418,000, presented within amounts owed by group undertakings within debtors). There are not considered to be limits to the available facility within the normal course of business. This is agreed as a rolling facility which is an integrated part of the Mondelez International Inc. group operations.

Notes to the financial statements
For the year ended 31 December 2022

4 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) Critical judgements in applying the group's accounting policies**Multi-employer defined benefit pension plan (note 15)**

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

(b) Key accounting estimates and assumptions

The directors do not consider there to be any key accounting estimates in preparing the financial statements.

5. Turnover

An analysis of turnover by geographical market is as follows:

	2022 £000	2021 £000
United Kingdom	1,102	1,303
Europe	14,077	13,685
Rest of the world	2,212	2,254
	<u>17,391</u>	<u>17,242</u>

The turnover and profit before tax are attributable to the principal activities of the company during the year.

6. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £000	2021 £000
Exchange differences	-	(7)
Staff costs (note 7)	<u>13,636</u>	<u>14,206</u>

All audit costs of the company are borne on behalf of the UK group by a fellow subsidiary undertaking and not separately recharged to the company. An estimated allocation of the audit fee for the year is £30,000 (2021 - £30,000). There were no amounts paid to the auditors in respect of non-audit fees in either year relating to this company.

The company incurs a number of pass through costs on behalf of other group entities. Where these do not form part of the business's principal activity and have no net impact on profit, these costs and recharges are presented on a net basis within the Statement of comprehensive income.

Notes to the financial statements
For the year ended 31 December 2022

7. Staff costs

The average monthly number of employees, including the directors, during the year were as follows:

	2022 No.	2021 No.
Administrative staff	143	139
	<u>143</u>	<u>139</u>

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

	2022 £000	2021 £000
Wages and salaries	11,192	12,049
Social security costs	1,665	1,353
Cost of defined contribution scheme	752	747
Equity-settled share based payments (note 16)	27	57
	<u>13,636</u>	<u>14,206</u>

Employment costs in 2022 include £76,000 (2021 - £70,000) of redundancy costs.

8. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	-	59
	<u>-</u>	<u>59</u>

During the year, retirement benefits were not accruing to any directors (2021 - None) in respect of defined benefit pension schemes.

Benefits are not accruing under the defined benefits pension scheme and at the year end the accrued pension amounted to £NIL (2021 - £NIL).

During the year, none of the directors exercised share options (2021 - 1) and none of the directors received shares under a long term incentive scheme (2021 - NIL).

The highest paid director received remuneration of £NIL (2021 - £59,000).

The value of the company's contribution paid to a defined benefit pension plan in respect of the highest paid director amounted to £NIL (2021 - £NIL).

Notes to the financial statements
For the year ended 31 December 2022

8. Directors' remuneration (continued)

The directors for 2022 are remunerated for their services to the group as a whole and not for their specific services to the company. The directors did not receive any emoluments for their services as directors of the company during the year (2021 - £59,000). The directors were remunerated by other group companies and no recharges were paid nor are payable for their services. It is not possible to apportion the proportion of directors work that was done for the company. Directors remuneration is disclosed in full within the consolidated report of Mondelez International Inc..

9. Interest receivable and similar income

	2022 £000	2021 £000
Interest on loans to group undertakings	55	1
	<u>55</u>	<u>1</u>

10. Tax on profit

	2022 £000	2021 £000
Current tax		
Current tax on profits for the year	73	68
Total current tax	<u>73</u>	<u>68</u>
Deferred tax		
Origination and reversal of timing differences	(5)	(10)
Tax rate differences	(2)	(56)
Total deferred tax (note 13)	<u>(7)</u>	<u>(66)</u>
Tax on profit	<u>66</u>	<u>2</u>

Notes to the financial statements
For the year ended 31 December 2022

10. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%). The differences are explained below:

	2022 £000	2021 £000
Profit before taxation	428	305
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	81	58
Effects of:		
Effects of group relief/ other reliefs	(13)	-
Tax rate differences	(2)	(56)
Total tax charge for the year	66	2

Factors that may affect future tax charges

The Finance Act 2021 received royal assent on 10 June 2021 and included an increase to the UK's main corporation tax rate to 25% from 1 April 2023.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rate enacted at the reporting date. Consequently deferred tax assets at 31 December 2022 are calculated using the 25% enacted tax rate (2021 - 25%).

11. Debtors

	2022 £000	2021 £000
Amounts owed by group undertakings	7,869	8,177
Other debtors	385	20
Deferred taxation (note 13)	240	233
Prepayments and accrued income	7	221
	8,501	8,651

Amounts owed to group undertakings include non-trading balances which are unsecured, incur interest at the market reference rate of overnight deposit plus 0.375% (2021 - market reference rate of overnight deposit plus 0.375%) and are repayable on demand.

**Notes to the financial statements
For the year ended 31 December 2022**

12. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	97	65
Amounts owed to group undertakings	636	659
Corporation tax	72	67
Other taxation and social security	1,101	1,315
Other creditors	2,133	2,079
Accruals and deferred income	312	755
	<u>4,351</u>	<u>4,940</u>

13. Deferred taxation

The movement on the deferred tax position is as follows:

	2022 £000	2021 £000
At beginning of year	233	167
Credited to profit or loss	7	66
At end of year	<u>240</u>	<u>233</u>

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

	2022 £000	2021 £000
Fixed asset timing differences	5	5
Other short term timing differences	235	228
	<u>240</u>	<u>233</u>

Short term timing differences arise on stock option costs.

The Finance Act 2021 received royal assent on 10 June 2021 and included an increase to the UK's main corporation tax rate to 25% from 1 April 2023.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rate enacted at the reporting date. Consequently deferred tax assets at 31 December 2022 are calculated using the 25% enacted tax rate (2021 - 25%).

**Notes to the financial statements
For the year ended 31 December 2022**

14. Provisions for liabilities

	Restructuring provisions £000
At 1 January 2022	109
Charged to profit or loss	90
Utilised in year	(40)
At 31 December 2022	159

The provisions relate to a number of organisational restructures.

15. Pension Commitments**Defined contribution plans**

The amount recognised in the Statement of comprehensive income as an expense in relation to defined contribution plans was £599,000 (2021 - £295,000).

Multi-employer scheme

The amount recognised in the Statement of comprehensive income as an expense in relation to multi-employer schemes were £153,000 (2021 - £452,000).

Cadbury Mondelez Pension Fund

At 31 December 2022, the company actuary estimated the Cadbury Mondelez Pension Fund to have a surplus of £248,200,000 (2021 - £325,500,000) under the projected unit credit method. The latest full actuarial valuation was carried out as at 5 April 2022.

16. Share based payments

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

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

	2022 £000	2021 £000
Equity-settled schemes	27	57

Mondelez International Services Limited

**Notes to the financial statements
For the year ended 31 December 2022**

17. Called up share capital

	2022 £000	2021 £000
Authorised		
200,000,000 (2021 - 200,000,000) Ordinary shares of £1.00 each	200,000	200,000
	<u> </u>	<u> </u>
Issued, called up and fully paid		
100,000 (2021 - 100,000) Ordinary shares of £1.00 each	100	100
	<u> </u>	<u> </u>

18. Controlling party

At 31 December 2022 the immediate parent company was Mondelez UK Limited.

At 31 December 2022 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.