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COMPANY REGISTRATION NUMBER: 03216332

KELLOGG U.K. HOLDING COMPANY LIMITED

FINANCIAL STATEMENTS

2 JANUARY 2021

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KELLOGG U.K. HOLDING COMPANY LIMITED

STRATEGIC REPORT

PERIOD ENDED 2 JANUARY 2021

The Directors present their strategic report of the Company for the period from 29 December 2019 to 2 January 2021 (the "period ended 2 January 2021").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activities of the Company during the period were that of an investment holding company and the provision of administration and related services to the European operating units of its ultimate parent undertaking, Kellogg Company.

The results for the Company for the period show a profit before taxation of £1,103,000 (2019: profit before taxation of £1,249,000) and turnover of £907,000 (2019: £1,218,000).

At the period end the Company had net assets of £88,536,000 (2019: £87,375,000).

PRINCIPAL RISKS AND UNCERTAINTIES
The Company is largely dependent on fellow group undertakings for its business. To ensure that this business relationship continues the Company monitors pricing to ensure its cost base is competitive in comparison to alternative sources of supply.

As a group wide response, the Company is monitoring closely the risk posed by Coronavirus (COVID-19) and has implemented effective measures to safeguard employees and operations. The Company continues to monitor closely the situation and has a response team actively and continually reviewing and implementing appropriate safeguards across its facilities to effectively address the risks posed if the virus were to cause disruption to its operations. There is no adverse impact from COVID-19 on the financial statements for the period ended 2 January 2021. The duration and ongoing impact of the COVID-19 pandemic is uncertain, however, there is no impact expected on the going concern of the Company.

SECTION 172 STATEMENT
The Directors are fully aware of their duty under section 172 (1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Directors consider that, during the period to 2 January 2021, they have had regard (amongst other matters) to:
a. the likely consequences of any decision in the long term;
b. the interest of the Company's employees;
c. the need to foster the Company's business relationships with suppliers, customers and others;
d. the impact of the Company's operations on the community and the environment;
e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly between members of the Company.

Further details in relation to each of these matters is set out below.

Context

As a subsidiary of the Kellogg Group, the Directors are assisted in these matters by the overarching group governance structures, procedures and policies, to which all group companies and employees must adhere. The Directors also benefit from the expertise of certain group functions such as human resources, legal, procurement, internal audit and health and safety which operate with regard to various stakeholders and the success of all group companies.

(a) The likely consequences of any decision in the long term - Taking a Long Term approach

The Directors are aware of the changing external landscape and the needs of its different stakeholder groups.

Where conflicts arise between the short term and long term consequences of a decision these consequences are weighed carefully. Whilst precedence is given to long term benefits, the Directors will consider whether these are outweighed by short term impacts in reaching their conclusions.

The Directors work to promote the success of the Company, by considering the impact that their decisions may have on the Company, along with the Company's stakeholders, having regard to the requirements of section 172 (1) (a) – (f).

The Company is a UK subsidiary of the Kellogg Group. As the principal activity of the Company is to act as a holding company for other entities in the Kellogg Group, the Company has had no commercial business, customers or suppliers other than transactions with other Kellogg Group companies during the period and, as such, the breadth of stakeholder and other considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the Directors.

While section 172(1) requires consideration of all stakeholders or suppliers, due to the nature of the Company's operations within the wider Kellogg Group, it does not have any direct employee or supplier engagement. Engagement with these stakeholders is undertaken at Group level.

(b) Employee Engagement

There is senior HR representation on the board of the Company. The welfare and development of the Company's employees is of highest importance to the Directors, guided by Kellogg Company's internal K Values which sets out how all Company employees should behave.

The Directors are confident that the Company as part of the Kellogg group has extensive processes in place to ensure the voice of employees is heard and acted upon where necessary. These include an employee forum and regular dialogue with employee union representatives. There is significant investment in employee engagement and communication through the use of regular employee huddles and the use of Yammer, a social networking tool designed to openly connect and engage across the business.

Significant emphasis is placed on creating an environment where all employees feel they can belong. The Company offers access to several Employee Resource Groups to enable participation of specific groups including women, LGBT+ employees and colleagues from BAME communities.

The Company is a signatory to the United Nation's backed Unstereotype Alliance which seeks to eradicate harmful stereotyping in advertising and media content.

Kellogg Company Equal Opportunities, Anti-Harassment and Bullying Policies are set out in a Company Handbook and a report into inclusion and diversity work is published annually.

(c) Business Relationships

The Directors continually seek to maintain and develop strong and mutually beneficial relationships with the Company's suppliers and customers in accordance with Kellogg Group procedures.

There are European wide processes and functions which assist the Directors in this regard. For example, the Company engages with its suppliers via the Group European procurement teams as well as through other Group functions such as legal, compliance and Health and Safety.

The Company builds partnerships with its suppliers ensuring they are responsible and capable of delivering our business needs.

Finance and Procurement teams review the financial stability and suitability of our suppliers in line with our policies and ethical standards. Regular supplier account management meetings take place to review performance.

The Directors are committed to complying with all applicable local laws and regulations including in relation to modern slavery, human trafficking and anti-bribery and corruption. Contractual provisions are updated to ensure that external counterparties are obliged to adhere to all applicable laws and regulations.

All dealings with suppliers are governed by the Kellogg Company's Code of Ethics which seeks to set out the joint responsibilities of both the Company and those who supply it.

(d) Community and Environment

As Kellogg is one of Britain's most long-standing food companies, the Directors understand their responsibility to help people make healthier choices and play a role in supporting and nurturing communities.

The Group's main corporate social responsibility efforts are focussed on helping to tackle food insecurity, through its support of school breakfast clubs and food banks.

The Directors also recognise the impact of what Kellogg produces on the lives of people. That is why the Directors have assisted the Kellogg Group to pursue a policy of working to improve the nutritional composition of its food including a 40% sugar reduction in one of Kellogg's most famous children's food in the UK – Coco Pops.

The Directors are also aware of their responsibility to the planet and ensure that the Group adheres to extensive policies set at Kellogg group level to reduce its environmental impact in the areas of carbon, water, energy, road miles and freight, food waste, plastics and sustainable sourcing.

Kellogg Company is the signatory to several global multi-stakeholder pledges to address the environmental impact of its operations, including a pledge to ensure all its packaging is either reusable, recyclable or compostable by 2025. Progress against these targets is published on an annual basis in a Global CSR report.

(e) Guarding corporate reputation

The Directors are aware of Kellogg's reputation in the market place and their responsibility to ensure its good health.

Annually the Company participates in two different externally validated surveys to understand its reputation with two major stakeholder groups: consumers and employees.

This analysis helps Directors understand the needs and expectations of stakeholders and independently assess the reputational impact of the various actions and decisions that the Company takes.

Alongside this, the Kellogg UK business has a full reputation management process in place to assist Directors in the long-term protection and management of the Company's reputation.

(e) High standards of business conduct

The Directors strive to operate the business to the highest level of conduct. All staff are required to adhere to the Kellogg Company's Diversity and Inclusion Policy and its Anti-Harassment and Bullying Policy. Kellogg Company has an Office of Ethics and Compliance which acts as a guardian of the Company's policies and conducts regular ethics training for employees.

The Company's employees have full and free access to a whistleblowing service operated by Kellogg Company.

(f) The need to act fairly as between members of the company

The Directors treat all external stakeholders collaboratively and fairly, and duly expect a level of conduct from them which aligns to the Company's values.

The Directors also benefit from the work of group's Internal Audit function which performs routine audits which will review the overall control framework and the Company's compliance with Kellogg policies and procedures.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Signed on behalf of the Board of Directors

DocuSigned by:
Ben Lamont
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B Lamont
Director
Approved by the Directors on 29 September 2021
Registered office: Orange Tower, Media City UK, Salford, Greater Manchester, M50 2HF.

The Directors present their report and the audited financial statements of the Company for the period from 29 December 2019 to 2 January 2021 (the "period ended 2 January 2021").

RESULTS AND DIVIDENDS
The trading results for the period and the Company's financial position at the end of the period are shown in the accompanying financial statements.

A reclassification has been done on the Balance Sheet for the financial period ended 28 December 2019 (detailed in note 9).

A dividend of £nil was paid during the period (2019: £nil).

FUTURE OUTLOOK
The Directors expect the outlook for 2021 to be challenging given the tough economic climate in which they operate. It will also be challenging for its underlying subsidiaries given the tough economic climate in which they operate. The Directors will continue to monitor the performance and results of its investments and implement strategy as appropriate.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The Company's operations expose it to a variety of financial risks that include effects of changes in debt, foreign exchange risk, liquidity and interest rate risk. The Company has in place risk management programmes that seek to manage the financial exposures of the Company by monitoring levels of debt finance and the related finance costs.

Interest rate risk
In order to ensure the stability of cash outflows and hence manage interest rate risk, the Company keeps under constant review its levels of debt, the maturity and currency of the debt, and the interest expense being incurred. Hedging would be considered by the wider Kellogg group should circumstances warrant it.

Liquidity risk
A Group-wide cash pooling arrangement and overdraft facility is in place, detailed in note 10.

Foreign exchange risk
The Company is exposed to transactional foreign exchange risks in the normal course of its business, principally on inter-company sales and purchases of goods and services. The Company's policy on mitigating the effect of this currency exposure is to consider hedging the net exposure on certain transactions by entering into approved treasury instruments.

Price risk
The Company has no exposure to equity securities price risk as it holds no listed equity investments.

Credit risk
The Company is exposed to credit risk on amounts receivable from group undertakings. The balances due from group undertakings are reviewed regularly to ensure they are supported by the assets of the group company in question.

STREAMLINED ENERGY AND CARBON REPORTING DISCLOSURE (SECR)
The Company has taken advantage of the 'low energy user' exemption, from preparing a streamlined energy and carbon reporting disclosure.

DIRECTORS

The Directors who served the Company during the period and up to the date of signing the financial statements were as follows, except where noted:

P Knowles (resigned 30 June 2021)
B Lamont
C Jones
C Samimi (appointed 1 July 2021)

DIRECTORS' INDEMNITIES

The ultimate holding company maintains liability insurance for the Directors and officers of the group. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial period. 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; and
- make judgements and accounting estimates that are reasonable and prudent.

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

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

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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

INDEPENDENT AUDITORS

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

Signed on behalf of the Board of Directors.

DocuSigned by:

Ben Lamont

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B Lamont

Director

Approved by the Directors on 29 September 2021

Report on the audit of the financial statements

Opinion

In our opinion, Kellogg U.K. Holding Company Limited 's financial statements:

- give a true and fair view of the state of the company's affairs as at 2 January 2021 and of its profit for the period from 29 December 2019 to 2 January 2021;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 2 January 2021; the profit and loss account, the statement of comprehensive income, and the statement of changes in equity for the period then ended; the statement of accounting policies; and the notes to the financial statements.

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 the 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 the Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the period ended 2 January 2021 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 the 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, employment law, and environmental related legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- inquiry of management and the Company's in-house legal and compliance team around actual and potential non-compliance with laws and regulations;
- review of legal expense accounts, assessing whether the nature of costs were indicative of non-compliance with laws and regulations;
- review of meeting minutes of those charged with governance;
- testing journal entries meeting specific risk criteria, testing accounting estimates for indication of management bias, and evaluating the business rationale of any significant transactions outside the normal course of business; and
- *designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.*

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.

Daniel Wilbourn

Daniel Wilbourn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
30 September 2021

KELLOGG U.K. HOLDING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD ENDED 2 JANUARY 2021

	Note	**Period ended 2 January 2021 £000**	Period ended 28 December 2019 £000
TURNOVER	**2**	**907**	1,218
Administrative expenses		**(859)**	(1,247)
OPERATING PROFIT/(LOSS)	**3**	**48**	(29)
Interest receivable and similar income	5	**1,055**	1,278
PROFIT BEFORE TAXATION		**1,103**	1,249
Tax on profit	**6**	**(15)**	2
PROFIT FOR THE FINANCIAL PERIOD		**1,088**	1,251

All of the activities of the Company are classed as continuing.

The statement of accounting policies and notes on pages 15 to 30 form part of these financial statements.

KELLOGG U.K. HOLDING COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

PERIOD ENDED 2 JANUARY 2021

	Note	**Period ended 2 January 2021 £000**	Period ended 28 December 2019 £000
Profit for the financial period		**1,088**	1,251
Other comprehensive income/(expense)			
Re-measurements of net defined benefit asset	9	**90**	(100)
Deferred tax in respect of actuarial loss	11	**(17)**	17
Total comprehensive income for the period		**1,161**	1,168

The statement of accounting policies and notes on pages 15 to 30 form part of these financial statements.

KELLOGG U.K. HOLDING COMPANY LIMITED

BALANCE SHEET

AS AT 2 JANUARY 2021

	Note	2 January 2021 £000	28 December 2019 (Restated) £000
FIXED ASSETS			
Investments	7	**45,410**	45,410
CURRENT ASSETS			
Debtors	8	**87,967**	87,227
Cash and cash equivalents		**2,044**	1,838
Post-employment benefits	9	**730**	630
		90,741	89,695
CREDITORS: Amounts falling due within one period	10	**(47,476)**	(47,623)
NET CURRENT ASSETS		**43,265**	42,072
TOTAL ASSETS LESS CURRENT LIABILITIES		**88,675**	87,482
Provision for liabilities	11	**(139)**	(107)
NET ASSETS		**88,536**	87,375
CAPITAL AND RESERVES			
Called up share capital	12	**1**	1
Profit and loss account		**88,535**	87,374
TOTAL EQUITY		**88,536**	87,375

These financial statements on pages 11 to 30 were approved by the Board of Directors and authorised for issue on 29 September 2021 and are signed on its behalf by:

DocuSigned by:
Ben Lamont
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B Lamont
Director
Company Registration Number: 03216332

The statement of accounting policies and notes on pages 15 to 30 form part of these financial statements.

KELLOGG U.K. HOLDING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

PERIOD ENDED 2 JANUARY 2021

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 30 December 2018	1	86,206	86,207
Profit for the financial period	-	1,251	1,251
Other comprehensive expense for the period	-	(83)	(83)
Total comprehensive income for the period	-	1,168	1,168
Balance as at 28 December 2019	1	87,374	87,375
Balance at 29 December 2019	1	87,374	**87,375**
Profit for the financial period	-	1,088	**1,088**
Other comprehensive income for the period	-	73	**73**
Total comprehensive income for the period	-	1,161	**1,161**
Balance as at 2 January 2021	**1**	**88,535**	**88,536**

The statement of accounting policies and notes on pages 15 to 30 form part of these financial statements.

General Information

Kellogg U.K. Holding Company Limited (the "Company") is a company incorporated in the United Kingdom and registered and domiciled in England and Wales, with the registration number 03216332.

The Company is a private company limited by shares and the registered office is: Orange Tower, Media City UK, Salford, Greater Manchester, M50 2HF.

Statements of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting 102, "The Financial Reporting Standards application in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention other than share-based payments recognised at fair value.

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 estimate are significant to the financial statements are disclosed below in critical accounting judgments and estimation (page 20).

A reclassification has been done on the Balance Sheet for the financial period ended 28 December 2019 (detailed in note 9).

Summary of significant accounting policies

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 periods presented, unless otherwise stated.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

The financial statements have been prepared on the going concern basis having considered cash flow projections and having received a letter of support from the ultimate parent undertaking, Kellogg Company, which confirms that it will continue to provide sufficient funds to enable the Company to meet all of its financial obligations as they fall due for the foreseeable future, a period of at least 12 months from the date of signing the financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows Kellogg U.K. Holding Company Limited certain disclosure exemptions as a wholly owned subsidiary undertaking of Kellogg Company which prepares consolidated financial statements that are publicly available and can be obtained from the address detailed in note 13. As a result, the Company has taken advantage of the following exemptions:

- Certain disclosures surrounding financial instruments; and
- 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, Kellogg Company, includes the Company's cash flow in its own consolidated financial statements; and
- Disclosure of key management personnel compensation in total; and
- Certain disclosures surrounding share-based payments.

Employee benefits

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

Turnover

Turnover, which excludes value added tax, represents the value of services supplied, and is recognised when the service is performed.

Fixed asset investments

Investments in shares in group undertakings are recorded at cost less any provision for subsequent diminution in value. Impairment reviews are performed by the Company when there has been an indication of impairment in the carrying value of the investment. Any impairment is recognised in the profit and loss account in the period it is identified. The Company also consider reversals of historic impairments where the original indicators have ceased to apply in the current period.

Pension costs and other post-retirement benefits

Defined contribution scheme
Employees whose employment commenced after 1 April 2004 can apply for membership of the Kellogg Group's UK defined contribution pension scheme to which both employees and employer contribute.

The assets of the scheme are independently administered and are held separately from those of the Company. The pension expense arising in these financial statements equates to the contributions paid by the employer.

Following the Company review of pension arrangements in the United Kingdom, and subsequent employee consultation, existing employees who were in the Defined Benefit pension scheme moved to the Defined Contribution pension scheme as and from 1 January 2019.

Pension costs and other post-retirement benefits *(continued)*

Defined benefit scheme
Employees whose employment commenced before 1 April 2004 were eligible to apply for membership of a defined benefit pension scheme. The assets of the scheme are held separately from those of the Company.

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The (liability)/asset recognised in the balance sheet in respect of the defined benefit plan is the fair value of the plan assets at the period end less the present value of the defined benefit obligation at the period end.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximately the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 're-measurement of net defined benefit asset'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a. The increase in pension benefit liability arising from employee service during the period; and

b. The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'net interest income/ (expense)'.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, 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.

Taxation ***(continued)***

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation
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 expense 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 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 timing differences.

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. Consolidated financial statements of Kellogg Company, which incorporate the financial statements of the Company, are publicly available (note 13). The Company was not involved in any other related party transactions during the financial period.

Foreign currencies

The Company's functional and presentation currency is the pound sterling.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at financial period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account within administration expenses.

Share-based payments

The ultimate parent undertaking issues equity-settled share-based payments to certain employees (including Directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Company's estimate of the shares that will eventually vest. Once exercised the options are settled in equity by the ultimate parent company, which then recharges the Company.

Share-based payments ***(continued)***

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately.

The Company has taken advantage of the exemption from disclosures under FRS102, paragraphs 26.18b) to 26.21 and 26.23, relating to share-based payments.

Dividends

Dividends payable are recognised in the accounting period in which they are paid or approved by the Company shareholders. These amounts are recognised in the statement of changes in equity. Dividend income is recognised in the accounting period in which the right to receive payment is established.

Consolidated financial statements

Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary undertaking of Kellogg Group S.à.r.l. (registered in Luxembourg) and is included in the consolidated financial statements of the ultimate holding company, Kellogg Company; which is incorporated in the United States of America, and which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

These financial statements are the Company's separate financial statements.

Financial instruments

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 the market rate of interest under section 11 and 12 of FRS 102. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial liabilities
Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method under section 11 and 12 of FRS 102.

Interest receivable and payable

Interest is recognised in the accounting period to which it relates.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within creditors: amounts falling due within one period in current liabilities.

Share capital

Ordinary shares are classified as equity.

Critical accounting judgements and estimation

The Directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period is addressed below.

Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 9 for the disclosures relating to the defined benefit pension scheme.

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. The bond universe used in calculating the discount rate assumption has been updated during the period base on the best estimate available.

Fixed asset investments

The Company considers whether fixed asset investments are impaired by reviewing for indicators of impairment. Where an indication of impairment is identified, the Company makes an assessment of the recoverable amount based on performance projections and assumptions. This requires estimation of the future cash flows from the assets and a selection of appropriate discount rates in order to calculate the net present value of those cash flows. Any impairment is recognised in the profit and loss account in the period it is identified. The Company also consider reversals of historic impairments where the original indicators have ceased to apply in the current period.

1. FINANCIAL PERIOD

The financial statements cover the 2020 financial period from 29 December 2019 to 2 January 2021 (2019: from 30 December 2018 to 28 December 2019).

2. TURNOVER

Turnover of £907,000 (2019: £1,218,000) arose from sales in the United Kingdom attributable to the principal activity of the Company.

3. OPERATING PROFIT/(LOSS)

The emoluments of one (2019: two) of the Directors are paid by fellow subsidiary undertakings that make no recharge to the Company. They are Directors of a number of fellow subsidiary undertakings and it is not possible to make an apportionment of their emoluments in respect of this Company. Two (2019: three) Directors received no emoluments in respect of their services to the Company.

Audit fees for the period amount to £6,000 (2019: £6,000) and are borne by fellow group subsidiaries.

4. PARTICULARS OF EMPLOYEES

The monthly average number of staff employed by the Company during the financial period amounted to:

	Period ended 2 January 2021 Number	Period ended 28 December 2019 Number
Administration	**9**	10

The aggregate payroll costs of the above were:

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Wages and salaries	**579**	814
Social security costs	**76**	113
Other pension costs – defined benefit scheme (note 9)	**-**	80
Other pension costs – defined contribution scheme	**89**	131
Equity-settled share-based payments	**32**	20
	776	1,158

The Company's ultimate parent issued equity-settled share-based payments to certain employees. The vesting period of the options is three years and the maximum term of the options granted is ten years. The Company recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group, being the amount relating to the Directors and management of the Company.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Bank interest receivable	**2**	11
Intercompany interest receivable	**1,043**	1,247
Defined benefit scheme:		
Net interest income (note 9)	**10**	20
	1,055	1,278

6. TAX ON PROFIT

(a) Analysis of tax charge/(credit) in the period

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Current tax:		
UK Corporation tax based on the results for the period at 19.00% (2019: 19.00%)	**-**	-
Total current tax credit	**-**	-
Deferred tax:		
Origination and reversal of timing differences	**2**	(2)
Effect of tax rate change on opening balance	**13**	-
Total deferred tax (note 11)	**15**	(2)
Tax charge/(credit) on profit	**15**	(2)

6. TAX ON PROFIT *(continued)*

(b) Factors affecting current tax charge/(credit)

The tax assessed for the period is lower than (2019: lower than) the standard effective rate of corporation tax in the UK of 19.00% (2019: 19.00%) for the following reasons:

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Profit before taxation	**1,103**	1,249
Profit before taxation multiplied by the standard rate of 19.00% (2019: 19.00 %)	**209**	237
Transfer pricing adjustments	**(383)**	-
Group relief surrendered/(claimed)	**176**	(239)
Effect of deferred tax provided at different rates	**13**	-
Total tax charge/(credit)	**15**	(2)

(c) Factors that may affect future tax charges or credits

The standard rate of corporation tax in the UK has been 19% with effect from 1 April 2017. Accordingly, the Company's results for this accounting period are taxed at 19%.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced was to reduce the main rate to 17% from 1 April 2020 and this was substantively enacted in September 2016.

In the Chancellor's Budget on 11 March 2020 it was confirmed that the rate of corporation tax will remain at 19% from 1 April 2020. As this change (cancelling the enacted cut to 17%) had been substantively enacted at the balance sheet date, its effect is included in these financial statements.

The Finance Bill 2021 was published on 11 March 2021. With effect from 1 April 2023, the bill sets the main rate of corporation tax at 25%.

As this change was not substantively enacted at the balance sheet date, its effect is not included in these financial statements. However, if it was included the impact would be to increase the recognised deferred tax liability by £43,800.

7. INVESTMENTS

	£000
COST AND NET BOOK VALUE	
At 28 December 2019 and as at 2 January 2021	**45,410**

The Company's subsidiaries at 2 January 2021 were as follows:

Name	Country of Incorporation	Nature of business	Ownership
Kellogg Marketing and Sales Company (UK) Limited	U.K	Marketing and sales	Direct
Kellogg Supply Services (Europe) Limited	U.K	Dormant	Direct
Kellogg Management Services (Europe) Limited	U.K	Administration	Direct
Kellogg Manchester	U.K	Investment holding	Direct
Kellogg Company of Ireland Limited	Ireland	Marketing and sales	Direct
Kellogg España SL	Spain	Marketing and sales	Direct
Kelf	U.K	Investment holding	Indirect
Kellogg European Services Support SRL	Romania	Administration	Direct
Kellogg Talbot LLC	U.S.A	Administration	Indirect
Kellogg Manufacturing Espana SLU	Spain	Manufacturing	Indirect

The registered office of each of the subsidiaries is Orange Tower, Media City UK, Salford, Greater Manchester, M50 2HF with the exception of the following:

Kellogg Company of Ireland Limited
3 Dublin Airport Central, Dublin Airport, County Dublin, Ireland
Kellogg España SL
La Avenida de Europa 19, 2ª Planta, 28108 Alcobendas, Madrid, Spain.
Kellogg European Services Support SRL
43 Pipera Street, Floreasca Park, Building A, Floor 3 and 4, District 2, Bucharest, Romania
Kellogg Manufacturing Espana SLU
Poligono Industrial de Valls, Calle Licoristas, 43800 Valls, Tarragona, Spain

The period end of each of the subsidiaries was 2 January 2021 with the exception of the following entities with period end 31 December 2020:

Kellogg Supply Services (Europe) Limited
Kellogg España SL
Kellogg European Services Support SRL
Kellogg Manufacturing Espana SLU

The Company owns 100.00% of the ordinary share capital in each entity with the exception of Kellogg España SL in which it directly holds 99.80% of the ordinary share capital and Kellogg European Services Support SRL in which it directly holds 0.03% of the ordinary share capital. The dormant company did not trade in this or the previous financial period.

The Company reviews the carrying value of the investments for impairments and historic impairment reversals to ensure the value is upheld. No impairment was recognised during the period (2019: nil).

8. DEBTORS

	2 January 2021 £000	28 December 2019 £000
Amounts owed by group undertakings	**87,967**	87,227

Amounts owed by group undertakings includes one interest bearing loan of £85,559,000 (2019: one loan of £85,559,000) from the Company to fellow group undertakings. Interest is accrued at 12 months Libor plus 30 basis points and is repayable within one period.

9. POST-EMPLOYMENT BENEFITS

The Company operates a number of pension schemes for its employees.

The amount recognised in the balance sheet is as follows:

	2 January 2021 £000	28 December 2019 £000
Defined benefit scheme asset	**730**	630

The Defined benefit scheme asset has been reclassified into Current Assets within the Balance Sheet for the prior period.

The amount recognised in the profit and loss account is as follows:

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Defined benefit scheme		
Current service cost (note 4)	**-**	80
Defined contribution scheme	**89**	131
Total charge in operating profit/(loss)	**89**	211
Defined benefit scheme		
Net interest income (note 5)	**(10)**	(20)
Total charge	**79**	191

9. POST-EMPLOYMENT BENEFITS *(continued)*

(a) Defined benefit scheme

The Company is a participating employer in the Kellogg's (Great Britain) Pension Fund ("the Fund"). The cost of accrual is based on the Company's share of the combined salary roll of all participating employers and the contributions over the cost of accrual are based on the Company's split of the Fund's overall liability.

A comprehensive actuarial valuation of the Fund, using the projected unit credit method, was carried out at 5 April 2020 by Willis Towers Watson, independent consulting actuaries. The cost will change in the future should the age/salary/sex profile of the membership change. As the Fund is closed to new entrants, the cost of the future accrual as a proportion of the salary roll can be expected to increase as the average age of the membership increases, on a given basis. Adjustments to the valuation at the period end have been made based on the following assumptions:

	2 January 2021 %	28 December 2019 %
Expected rate of salary increases	**N/A**	N/A
Expected rate of increase of pensions in payment	**2.55**	2.50
Expected rate of increase for deferred pensioners	**2.55**	2.50
Discount rate	**1.45**	2.05
Rate of inflation	**3.15**	3.20

The mortality assumptions used were as follows:

	2 January 2021 Years	28 December 2019 Years
Longevity at age 65 for current pensioners:		
- Men	**20.3**	21.0
- Women	**23.4**	23.4
Longevity at age 65 for future pensioners:		
- Men	**21.2**	21.9
- Women	**24.5**	24.6

9. POST-EMPLOYMENT BENEFITS *(continued)*

a) Defined benefit scheme *(continued)*

Reconciliation of scheme assets and liabilities

	Assets £000	Liabilities £000	Total £000
At 29 December 2019	5,470	(4,840)	630
Benefits paid	(210)	210	-
Interest income/(expense)	90	(80)	10
Re-measurement gains/(losses):			
Actuarial gain	-	720	720
Return on plan assets excluding interest income	(630)	-	(630)
At 2 January 2021	4,720	(3,990)	730

The Company is one of a number of participating employers in the Fund. The nature of the Fund is such that the assets and liabilities are not segregated and so are allocated to each of the employers in a reasonable and consistent manner. The allocation of assets and liabilities to each of the employers will be revisited following each formal valuation of the Fund, which will occur at least every three years. The actuarial valuation as at 5 April 2020 is complete. The next formal valuation date for the Fund is 5 April 2023. The allocation may also be revisited following events such as any change to the number of employers participating in the Fund.

There are no amounts included in the fair value of scheme assets relating to the Company's own financial instruments or property occupied by, or other assets used by the entity.

Total cost recognised as an (income)/expense:	**Period ended 2 January 2021 £000**	Period ended 28 December 2019 £000
Current service cost	-	80
Net interest income	(10)	(20)
	(10)	60

9. POST-EMPLOYMENT BENEFITS *(continued)*

(a) Defined benefit scheme *(continued)*

The fair value of the plan assets was:	**2 January 2021 £000**	28 December 2019 £000
Equity instrument	**2,752**	4,048
Bonds	**680**	793
Property	**486**	602
Other	**802**	27
	4,720	5,470

The returns on plan assets was:	**Period ended 2 January 2021 £000**	Period ended 28 December 2019 £000
Interest income	**90**	140
Return on plan assets less interest income	**(630)**	480
Total return on plan assets	**(540)**	620

b) Defined contribution scheme

The amount recognised as expense for the defined contribution scheme was:

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Current period expense	**89**	131

At the period end there were no prepaid or outstanding amounts (2019: none) in relation to the defined contribution scheme.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE PERIOD

	2 January 2021 £000	28 December 2019 £000
Amounts owed to group undertakings	**47,476**	47,468
Accruals and deferred income	**-**	155
	47,476	47,623

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

The Company is party to a cash pooling agreement with Bank Mendes Gans (BMG) in conjunction with other group companies. Under the terms of this arrangement cross company guarantees exist. Positive and negative cash balances can be offset by the arranger. Guarantees for the cash pooling arrangement are held by the ultimate parent company Kellogg Company. The Company is also party to a group wide temporary overdraft facility of $30m.

11. PROVISION FOR LIABILITIES

	2 January 2021 £000	28 December 2019 £000
The deferred tax liability included in the balance sheet is as follows:	**(139)**	(107)

The movement in the deferred taxation account during the period was:

	Period ended 2 January 2021 £000	Period ended 28 December 2019 £000
Liability brought forward	**(107)**	(126)
Deferred tax on post-employment benefits (charged)/credited to the profit and loss account (note 6)	**(15)**	2
Deferred tax on post-employment benefits (charged)/credited to other comprehensive income/(expense)	**(17)**	17
Liability carried forward	**(139)**	(107)

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

	2 January 2021 £000	28 December 2019 £000
Post-employment benefits	**(139)**	(107)

12. CALLED UP SHARE CAPITAL

Allotted and fully paid:

	2 January 2021		28 December 2019	
	Number	**£**	Number	£
Ordinary shares of £1 each	**1,000**	**1,000**	1,000	1,000

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

13. ULTIMATE CONTROLLING PARTY

The Company's immediate parent undertaking is Kellogg Group S.à.r.l. (registered in Luxembourg). The ultimate parent company and controlling party is Kellogg Company, which is incorporated in the United States of America and is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the financial statements of Kellogg Company can be obtained from One Kellogg Square, PO Box 3599, Battle Creek, Michigan, USA.