Company Registration No. 03237431 (England and Wales)

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

COMPANY INFORMATION

Directors	C Jones C Silcock P Jones R Chanmugam
Company number	03237431
Registered office	Orange Tower Media City UK Salford Greater Manchester M50 2HF
Auditors	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 1 JANUARY 2022

The directors present the strategic report for the period ended 1 January 2022.

Principal activities, business review and future developments
The principal activity of the Company during the period was the marketing and selling of ready to eat cereals and snacks in the United Kingdom, Africa and the Middle East.

The results for the Company for the period show a profit before taxation of £21,116,000 (period ended 2 January 2021: £19,491,000) and turnover of £801,278,000 (period ended 2 January 2021: £797,151,000).

At the period end, the Company showed net assets of £105,113,000 (period ended 2 January 2021: £82,732,000).

During 2021, the Company operated a couple of branches, Kellogg Marketing and Sales Company Limited (Mediterranean Branch), which is based in Greece and Kellogg Marketing and Sales Company Limited (Middle East Branch), which is based in Dubai.

During 2021, Kellogg Marketing and Sales Company Limited (UK business and Middle East branch) performed marketing and selling of ready to eat cereals and snacks for the Company.

During 2021, Kellogg Marketing and Sales Company Limited (Mediterranean branch) performed administrative services for the Company. No turnover was generated by this destination.

The drivers of business performance have been outlined in the key performance indicators (page 2).

The Company has entered into a 12 month Marketing, Distributorship and Supply Agreement with an Irish fellow group undertaking, Kellogg Europe Trading Limited, following the previous agreement which ran until 1 January 2022, to distribute products on its behalf.

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

Principal risks and uncertainties

A principal risk borne by the Company is ensuring it meets the needs of the retail trade with investment and participation to satisfy the level of its sales. In addition, the Company's ability to continue to market branded food products is dependent on distribution agreements it has with fellow group undertakings. The risk is mitigated by continual review of key performance indicators.

As part of the wider Kellogg Group the Company continues to closely monitor the risk posed by Coronavirus (COVID-19) and has implemented effective measures to safeguard employees and operations. There is no adverse impact from COVID-19 on the financial statements for the period ended 1 January 2022. 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.

As part of the wider Kellogg Group the Company is closely monitoring the Russia/Ukraine conflict, including the related doubts regarding energy security in Europe, elevated inflation and economic uncertainty. The Company, indirectly, holds an investment in a Russian company which is responsible for distributing cereal, snacks and Pringle's products in the Russia / CIS markets. This investment accounts for less than 5% of the total value of the Company's investments.

As a result of the ongoing conflict, the Kellogg Group made the decision on 10 March 2022 to stop importing Pringle's products into the Russian market. Pre conflict, Pringles products accounted for approximately 60% of sales of the Russian business. In the absence of Pringles products, the Russian business has re-focused on sales of products manufactured in country for the Russian market together with significant cost rationalisation. For 2022 due to the cessation of imports, Pringles products are expected to make up approximately 30% of sales for the year resulting in a decrease of approximately 31% of total sales. Pringles sales have been generated in the months before the decision was taken to stop supplying Pringles to Russia and also from inventory held at that date. The Russian business now consists solely of products produced in Russia and local management will continue to look at opportunities to secure the viability of ongoing operations.

In relation to the recoverability of assets, the fixed assets used by the Russian business continue to be used in the manufacture of cereal and snacks products for the Russian market from which the Russian business will generate its revenue in the future. Pringles products were imported from Europe and therefore no fixed assets were utilised in respect of these products. From a recoverability of debtors perspective, the business has continued to be able to collect its trade debtors in a timely manner. Although the continuous collectability of debtors has no negative impact on local available cash resources, the Company is facing significant challenges in accessing cash and receiving distributions.

The Company has considered whether the impact of losing the Pringles product line, the wider impact of the conflict together with restrictions put in place by the Russian government on the ability of the Russian business to make distributions would constitute a trigger for an impairment review. Although the Russian business continues to trade profitably up until the date of signing these financial statements, given the impact of these factors the Company deems it appropriate to carry out a full impairment review and assessment for the FY 2022 financial statements. An impairment of the Russian investment is expected for the 2022 financial year but the amount will only be known once a full impairment review has been performed.

The Company will continue to monitor the impact of the conflict and the wider economic and geopolitical consequences on the performance and viability of the Russian business.

Key performance indicators
The Company's key financial performance indicators are turnover and operating profit.

	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Turnover	801,278	797,151
Operating profit	20,988	19,231

In 2021, the Company's turnover increased compared to prior period due to a growth in sales within the UK market and overseas.

Growth in turnover was driven primarily by an increase in Snacks net sales, led by sustained momentum in Pringles, driven by innovation, effective advertising, and successful consumer promotions. Cereal net sales declined due to lapping a pandemic-related surge in consumption growth during the prior period. Reported operating profit increased primarily due to the overall higher net sales, which was driven by both volume and price mix.

The directors are confident that with the pipeline of commercial initiatives, product innovation and various growth and efficiency programmes, the business will be well positioned for the future.

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 1 January 2022, 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 (HR), 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. Insights from these different stakeholder groups are considered by the directors and are taken into account in the Company's business planning process and are reflected in the Company's annual business plan.

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.

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

(a) The likely consequences of any decision in the long term - Taking a Long Term Approach (continued)
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 marketing and sales company, the Company has had commercial business, employees, customers and suppliers in addition to 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 applied to the decisions made by the directors.

(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. 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 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 modem 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.

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

(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 focused 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 40.00% 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.

(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.

The insights from these surveys are fed into Kellogg's European wide annual business planning cycle. 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.

(f) 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.

The directors also benefit from the work of the 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.

(g) The need to act fairly 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.

On behalf of the board

DocuSigned by:
Philip Jones
B69E0DD5932C4B8...
P Jones
Director

19 December 2022

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 1 JANUARY 2022

The directors present their annual report and financial statements for the period ended 1 January 2022. The previous financial statements cover the period ended 2 January 2021.

Results and dividends

The results for the period are set out on page 14.

No ordinary dividends were paid (period ended 2 January 2021: £nil). The directors do not recommend payment of a final dividend (period ended 2 January 2021: £nil).

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

A Wilson	(Resigned 31 August 2021)
C Jones	
C Silcock	
P Jones	
G Mahinda	(Resigned 6 September 2022)
R Chanmugam	(Appointed 1 November 2022)

Qualifying third party indemnity provisions

The ultimate holding company maintains liability insurance for the directors and officers of the group. This was in place during the financial period and also at the date of approval of the financial statements and is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

Research and development

A fellow group company carries out research and development to identify and exploit market opportunities for new food products. During the period there was no additional research and development expenditure incurred by the Company (period ended 2 January 2021 - £nil).

Financial risk management objectives and policies

The Company's operations expose it to a variety of financial risks that include the direct and indirect effects of changes in debt, foreign exchange risk, credit risk, liquidity and interest rate risk. The Company has in place risk management programmes that seek to manage the financial exposures of the Company.

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, including the split between fixed and variable interest rates. Hedging would be considered by the wider Kellogg group should circumstances warrant it.

Credit risk

A fellow group company carries the risk of customer default for products sold by its distributors, including Kellogg Marketing and Sales Company (UK) Limited, provided the distributor carries out specified credit control checks. The Company's procedures ensure that such checks are performed on an ongoing basis.

Price risk

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

Foreign exchange risk

The Company is exposed to transactional foreign exchange risks in the normal course of its business, principally on sales and purchases of goods and services in parts of continental Europe, Africa and the Middle East and with affiliated undertakings.

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

Liquidity risk
A Group-wide cash pooling arrangement and overdraft facility is in place, detailed in note 20.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Future developments
The outlook for 2022 is expected to remain challenging given the tough economic climate, retail environment and the intense promotional pressure within our categories, however, with improvement from past periods' performance. The plan will focus on increasing brand investment behind the core of the portfolio. The directors will continue to monitor the performance and results of the Company and implement strategy as appropriate.

The Company's Marketing, Distributorship and Supply Agreements with Kellogg Europe Trading Limited run until 31 December 2022 and are due for renewal by this date. The directors are confident that continued innovation and efficiencies will ensure renewal.

Auditors
The auditors, PricewaterhouseCoopers, were appointed subsequent to period end and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the 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 13 months from the date of signing the financial statements.

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

Energy and carbon reporting

Kellogg Marketing and Sales Company (UK) Ltd. is a wholly owned subsidiary of Kellogg Company that markets and sells exclusively Kellogg's products manufactured in the UK and worldwide. Emissions are mainly associated to travel to engage with customers and promote Kellogg's products. Other emissions originate from the use of offices to conduct business. The energy consumption and greenhouse gas (GHG) emissions for the 2021 financial period are:

Table 1: 2021 Energy Consumption and Carbon Emissions by Type

Emission Type	Energy [kwh]	GHG Emission [Tonne CO2e] (1)
Scope 1 – Fuel use from direct combustion of natural gas and fossil fuels. Travel in company owned vehicles	586,325 miles 652,321.74 kwh	161.73
Scope 2 – Electricity	63,631.90	14.84 (Location based)
Scope 3 – Business travel - Personal cars where the company is responsible for the fuel	28,307 miles 31,493.24 kwh	7.81
All scopes	747446.88	184.38
No. Employees [FTE]	216	
Total Intensity	3460.40 kwh/FTE	853.59 Kg CO2e/ FTE

1 Greenhouse gas emissions are reported in Tonne of carbon dioxide equivalent (Tonne CO2e)

METHODOLOGY

Kellogg Marketing and Sales Company (UK) Limited generates scope 1 emissions from business travel in company owned vehicles. Currently there is no accurate recording of the type of vehicle used for each trip, so following the SECR guidance 2019, the energy use and emissions are calculated using the factors for average size unknown car.

Kellogg Marketing and Sales Company (UK) Limited indirect emissions are associated with the use of electricity from the grid at its main offices in Media City UK. To calculate the Scope 2 emissions, the company follows the SECR guidance using the UK government official location-based emission factors.

Kellogg globally has joined the RE100 and established science-based targets. Kellogg global has publicly made 3 commitments to fight climate change:

1. Reduce 45.00% of Scope 1 and 2 emissions by 2030 with baseline 2015
2. Reduce 15.00% of Scope 3 emissions by 2030 with baseline 2015
3. 100.00% renewable electricity by 2050

The full scope 3 emissions, including emissions from raw materials and suppliers, are associated with obtaining raw materials and manufacturing packaging to subsequently make Kellogg products. As such, the supply chain Scope 3 emissions have been allocated to Kellogg Company of Great Britain, which is responsible for manufacturing Kellogg's products

As with travel in company owned vehicles, currently there is no record of the type of vehicle used for each trip, therefore the energy use and emissions are calculated using the factors for average size unknown car.

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

Matters of strategic importance
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal activities and principal risks and uncertainties.

Statement of disclosure to auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Charitable donations
The Company is committed to supporting the communities in which it operates. The Company's ultimate holding company, Kellogg Company, made donations of £121,989 (period ended 2 January 2021: £65,000) to charitable projects in the UK through the Kellogg Company Fund which is based in the United States of America. In addition to this, the European business, KEU, made donations of £619,000 (period ended 2 January 2021: £956,000).

During the period, these cash donations enabled Kellogg's to provide funding to 513 UK (period ended 2 January 2021: 574 UK) school breakfast clubs that provide breakfast for disadvantaged children. In addition to this, we made food donations of 442 tonnes to help feed people in need in the UK.

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

Employees

Established consultative structures continued to provide a framework for employee involvement and for discussion of an extensive range of issues of mutual interest. The Company's programme of employee communication was continued with the staging of virtual employee conferences at which directors and senior management presented a financial and business review and highlighted plans for the future.

Recruitment is based on achieving and maintaining a workforce including disabled persons who can reasonably be expected to become effective employees. Selection is according to ability, acceptability to training, character dependability and potential for future advancement within the Company. All employment is without discrimination on grounds of sex, marital status, sexual orientation, racial group, religious belief, age or disability. Whilst in employment, the Company ensures that all employees, including disabled persons, are given the opportunity to apply for and are considered for vacancies based on their abilities to fulfil the job requirements. Special guidance ensures that disabled employees receive full and fair training opportunities for career development with the Company. Newly disabled persons will, wherever possible, be retained within the workforce and in their original activity, subject to medical approval.

Employees are encouraged to participate in the success of the business through performance related pay and employee share purchase schemes.

On behalf of the board

DocuSigned by:
Philip Jones
B69E0DD5932C4B8...

P Jones
Director

19 December 2022

pwc

Independent auditors' report to the members of Kellogg Marketing and Sales Company (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kellogg Marketing and Sales Company (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 1 January 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, 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 Annual Report, which comprise: income statement, statement of comprehensive income, statement of financial position and statement of changes in equity

- the statement of financial position as at 1 January 2022;
- the income statement and statement of comprehensive income for the year then ended;
- the 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 1 January 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, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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, competition act 1998 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 meeting minutes of those charged with governance; and
- testing journal entries meeting specific risk criteria.

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.

A. Hayden

Alisa Hayden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
19 December 2022

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

INCOME STATEMENT

FOR THE PERIOD ENDED 1 JANUARY 2022

	Notes	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Turnover	3	801,278	797,151
Cost of sales		(755,245)	(742,129)
Gross profit		46,033	55,022
Administrative expenses		(25,045)	(35,791)
Operating profit	6	20,988	19,231
Interest receivable and similar income	8	153	285
Interest payable and similar expenses	9	(25)	(25)
Profit before taxation		21,116	19,491
Tax on profit	10	(1,002)	(1,534)
Profit for the financial period		20,114	17,957

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

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 1 JANUARY 2022

	Notes	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Profit for the period		20,114	17,957
Other comprehensive income net of taxation			
Re-measurements of net defined benefit asset	14	3,680	2,600
Tax relating to other comprehensive income		(1,413)	(494)
Other comprehensive income for the period		2,267	2,106
Total comprehensive income for the period		22,381	20,063

Company Registration No. 03237431

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 1 JANUARY 2022

	Notes	£000	1 January 2022 £000	£000	2 January 2021 £000
Fixed assets					
Tangible assets	11		343		505
Investments	12		48		48
			391		553
Current assets					
Debtors	13	156,102		136,217	
Cash at bank and in hand		142,551		125,654	
Defined benefit pension surplus	14	12,200		8,410	
		310,853		270,281	
Creditors: amounts falling due after more than one period	15	(203,093)		(186,547)	
Net current assets			107,760		83,734
Total assets less current liabilities			108,151		84,287
Provisions for liabilities	16		(3,038)		(1,555)
Net assets			105,113		82,732
Capital and reserves					
Called up share capital	18		100		100
Share premium account	19		15,115		15,115
Profit and loss reserves	19		89,898		67,517
Total equity			105,113		82,732

The financial statements were approved by the board of directors and authorised for issue on 19 December 2022 and are signed on its behalf by:

DocuSigned by:

Philip Jones

B69E0DD5932C4B8...

P Jones

Director

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 1 JANUARY 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£000	£000	£000	£000
Balance at 29 December 2019	100	15,115	47,454	62,669
Period ended 2 January 2021:				
Profit for the period	-	-	17,957	17,957
Other comprehensive income net of taxation:				
Actuarial gains on defined benefit plans	-	-	2,600	2,600
Tax relating to other comprehensive income	-	-	(494)	(494)
Total comprehensive income for the period	-	-	20,063	20,063
Balance at 2 January 2021	100	15,115	67,517	82,732
Period ended 1 January 2022:				
Profit for the period	-	-	20,114	20,114
Other comprehensive income net of taxation:				
Actuarial gains on defined benefit plans	-	-	3,680	3,680
Tax relating to other comprehensive income	-	-	(1,413)	(1,413)
Total comprehensive income for the period	-	-	22,381	22,381
Balance at 1 January 2022	100	15,115	89,898	105,113

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 1 JANUARY 2022

1 Accounting policies

Company information
Kellogg Marketing and Sales Company (UK) Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Orange Tower Media City UK, Salford, Greater Manchester, M50 2HF.

The company's principal activities and nature of its operations are disclosed in the Strategic Report.

Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosure framework
This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues';
- Section 26 'Share based Payment';
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Kellogg Company. These consolidated financial statements are available from its registered office, One Kellogg Square. PO Box 3599, Battle Creek, Michigan, USA.

Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the 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 13 months from the date of signing the financial statements.

Reporting period
The financial statements cover the financial period from 3 January 2021 to 1 January 2022 (comparative period - from 29 December 2019 to 2 January 2021).

Turnover
Turnover comprises the invoiced value for the sale of goods net of sales rebates, discounts, value added tax and other taxes directly attributable to revenue. Revenue is recognised when the outcome of a transaction can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is recognised on the following basis:

1 Accounting policies (Continued)

Sale of goods
Sales of goods are recognised as revenue on transfer of the risks and rewards of ownership, which typically coincides with the time when the merchandise is delivered to customers and title passes.

Sales rebates and discounts
Sales related discounts comprise:

- Long-term discounts and rebates, which are sales incentives to customers to encourage them to purchase increased volumes and are related to total volumes purchased and sales growth;
- Short-term promotional discounts, which are directly related to promotions run by customers.

Sales rebates and discount accruals are established at the time of sale based on management's best estimate of the amounts necessary to meet claims by the Company's customers in respect of these rebates and discounts. Accruals are made on an individual basis based on the type and length of promotion and the nature of the customer agreement. At the time an accrual is made the nature and timing of the promotion is typically known.

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	from 3 to 20 years

The expected useful lives of the assets to the business are reassessed periodically.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Depreciation commences on a straight-line basis when an asset is available for use, at which time the asset ceases to be classified as construction in progress. If at any time there is a permanent diminution in the value of an asset and the net book amount is considered not to be recoverable in full, the net book amount is written down to the estimated recoverable amount.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit and loss and included in administrative expenses.

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 directors when there has been an indication of potential permanent impairment in the carrying value of the investment. Any impairment is written off in the financial period in which it arises. The directors also consider reversals of historic impairments where the original indicators have ceased to apply in the current period.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand and deposits held at call with banks. Bank overdrafts are shown within 'Creditors: amounts falling due within one period' in current liabilities.

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

1 Accounting policies (Continued)

Financial instruments

Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings 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 the market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method under FRS 102 (section 11 and 12 of FRS 102).

Financial liabilities

Basic financial liabilities, including trade and other creditors, accruals, amounts owed to group undertakings and bank overdrafts, 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 FRS 102 (section 11 and 12 of FRS 102).

Taxation

Taxation expense for the financial period comprises current and deferred tax. 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 tax assets and liabilities are not discounted.

Current taxation

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

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

Deferred taxation

Deferred tax arises from timing 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 financial period end 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.

Employee benefits

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

1 Accounting policies (Continued)

Retirement benefits

Defined contribution pension 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.

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 asset recognised in the balance sheet in respect of the defined benefit plan is the fair value of the plan assets at the financial period end less the present value of the defined benefit obligation at the financial 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 financial period; and

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

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

1 Accounting policies (Continued)

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 by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity. Once exercised the options are settled in equity by the ultimate parent company, which then recharges the Company.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases
Rentals due under operating lease agreements, where substantially all the benefits and risks of ownership remain with the lessor, are expensed on a straight-line basis over the lease term.

Foreign exchange
Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All translation differences are taken to profit or loss.

Related party transaction
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, see note 24. The Company was not involved in any other related party transactions during the financial period.

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

Called up share capital
Ordinary shares are classified as equity.

Dividends
Dividends payable are recognised in the financial 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 financial period in which the right to receive payment is established.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

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 depends 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 asset/(obligation) in the balance sheet. The assumptions reflect historical experience and current trends. See note 14 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 based on the best estimate available.

Sales rebates and discounts

Sales rebates and discounts are accrued on each relevant promotion or customer agreement and are charged to the profit or loss account at the time of the relevant promotion as a deduction from revenue. Accruals for each individual promotion or rebate agreement are based on the type and length of promotion and nature of customer agreement. At the time an accrual is made the nature and timing of the promotion is typically known. Areas of estimation are sales volume, sales activity and the amount of product sold on promotion.

For longer-term discounts and rebates the Company uses actual and forecast sales to estimate the level of rebate. These accruals are updated monthly based on latest actual and forecast sales.

3 Turnover and other revenue

	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Turnover analysed by geographical market		
United Kingdom	605,085	609,411
Rest of world	196,193	187,740
	801,278	797,151

During 2021, Kellogg Marketing and Sales Company (UK) Limited (Mediterranean Branch) performed administrative services for the Company. No turnover was generated by this destination.

4 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	Period ended 1 January 2022 Number	Period ended 2 January 2021 Number
Administration	48	33
Selling and distribution	235	261
Total	283	294

Employee numbers include directors whose primary employer is the Company and is adjusted for staff on secondment from and to affiliated group undertakings. All employees are involved in sales, marketing, or administration activities.

Their aggregate remuneration comprised:

	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Wages and salaries	15,103	17,374
Social security costs	1,190	1,302
Pension costs	1,623	1,681
Equity-settled share-based payments	328	413
	18,244	20,770

Pension costs relating to the defined benefit scheme are amounts charged to operating profit and do not include amounts credited to finance income and amounts recognised in other comprehensive income.

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 Directors' remuneration

	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Remuneration for qualifying services	850	759
Company pension contributions to defined contribution schemes	45	46
	895	805

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (period ended 2 January 2021 - 4).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (period ended 2 January 2021 - 1).

The number of directors who exercised share options during the period was 1 (period ended 2 January 2021 - 0).

The number of directors who are entitled to receive shares under long term incentive schemes during the period was 5 (2021 - 5).

The number of directors who received no remuneration during the period amounted to 2 (period ended 2 January 2021 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Remuneration for qualifying services	414	431
Company pension contributions to defined contribution schemes	10	10

6 Operating profit

Operating profit for the period is stated after (crediting)/charging:	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Net (gain)/loss on foreign currency translation	(3,278)	2,877
Depreciation of owned tangible fixed assets	240	384
Share-based payments	328	413
Operating lease charges	636	1,252

7 Auditors' remuneration

Audit fees amounting to £30,000 (period ended 2 January 2021: £30,000) are borne by a fellow group company and have not been reflected in the Company's financial statements.

8 Interest receivable and similar income

	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Interest income		
Interest on bank deposits	43	165
Net interest on the net defined benefit asset	110	120
Total income	153	285

9 Interest payable and similar expenses

	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Interest on bank overdrafts	25	25

10 Tax on profit

	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Current tax		
UK corporation tax on profits for the current period	856	1,422
Adjustments in respect of prior periods	65	-
Total UK current tax	921	1,422
Foreign current tax on profits for the current period	11	18
Total current tax	932	1,440

10 Tax on profit (Continued)

Deferred tax		
Origination and reversal of timing differences	72	(20)
Changes in tax rates	(2)	114
Total deferred tax	70	94
Total tax charge	1,002	1,534

The total tax charge for the period included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	Period ended 1 January 2022 £000	**Period ended 2 January 2021 £000**
Profit before taxation	21,116	19,491
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	4,012	3,703
Tax effect of expenses that are not deductible in determining taxable profit	38	10
Tax effect of income not taxable in determining taxable profit	(957)	(874)
Group relief	(2,424)	(1,605)
Deferred tax adjustments in respect of prior years	65	-
Transfer pricing adjustments	168	168
Foreign tax	11	18
Remeasurement of deferred tax for changes in tax rates	15	114
Fixed asset differences	74	-
Taxation charge for the period	1,002	1,534

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	Period ended 1 January 2022 £000	**Period ended 2 January 2021 £000**
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	1,413	494

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

10 Tax on profit (Continued)

The standard rate of corporation tax in the UK has been 19.00% with effect from 1 April 2017. Accordingly, the company's results for this accounting period are taxed at 19.00%. 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 17.00% 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 19.00% from 1 April 2020.

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 25.00%. As this change has been substantively enacted at the balance sheet date, its effect is included in these financial statements.

11 Tangible fixed assets

	Assets under construction	Plant and machinery	Total
	£000	£000	£000
Cost			
At 3 January 2021	139	1,383	1,522
Additions	78	-	78
Transfers	(141)	141	-
At 1 January 2022	76	1,524	1,600
Depreciation and impairment			
At 3 January 2021	-	1,017	1,017
Depreciation charged in the period	-	240	240
At 1 January 2022	-	1,257	1,257
Carrying amount			
At 1 January 2022	76	267	343
At 2 January 2021	139	366	505

12 Investments

	1 January 2022	2 January 2021
	£000	£000
Investments	48	48

The Company owns 0.20% of the issued share capital of Kellogg España Srl., registered office Calle Antonio Gonzalez, Echarte No 1., 2 Planta, 28029 Madrid, Spain. The principal activity of Kellogg España Srl., which is incorporated in Spain, is the marketing and selling of ready to eat cereals and snacks in Spain and Portugal. Each period an assessment is made on the carrying value of each subsidiary to determine if the value is upheld. Impairment reviews are performed by the Company when there has been an indication of impairment in the carrying value of the investment. The Company also consider reversals of historic impairments where the original indicators have ceased to apply in the current period.

12 Investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £000
Cost and net book value	
At 3 January 2021 & 1 January 2022	48

13 Debtors

Amounts falling due within one period:	1 January 2022 £000	2 January 2021 £000
Trade debtors	130,321	105,538
Amounts owed by group undertakings	24,421	26,502
Other debtors	64	40
Prepayments and accrued income	1,296	4,137
	156,102	136,217

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

Trade debtors are stated after provisions for impairment of £nil (2 January 2021 - £nil).

14 Retirement benefit schemes

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 asset.

Amounts recognised in the statement of financial position	1 January 2022 £000	2 January 2021 £000
Fair value of plan assets	54,980	55,540
Present value of defined benefit obligations	(42,780)	(47,130)
Surplus in scheme	12,200	8,410

Amounts recognised in the income statement	Period ended 1 January 2022 £000	Period ended 2 January 2021 £000
Net interest on net defined benefit asset	(110)	(120)

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

14 Retirement benefit schemes (Continued)

Amounts taken to other comprehensive income	**Period ended 1 January 2022 £000**	**Period ended 2 January 2021 £000**
Actual return on scheme assets	2,090	8,220
Less: calculated interest element	(780)	(1,040)
Return on scheme assets excluding interest income	1,310	7,180
Actuarial changes related to obligations	2,370	(4,580)
Total income	3,680	2,600

A comprehensive actuarial valuation of the Fund, using the projected unit credit method, was carried out at 6 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:

Key assumptions	**1 January 2022 %**	**2 January 2021 %**
Discount rate	1.90	1.45
Expected rate of increase of pensions in payment	2.80	2.55
Expected rate of salary increases	-	-
Expected rate of increase for deferred pensioners	2.85	2.55
Rate of inflation	3.35	3.15

Mortality assumptions Assumed life expectations on retirement at age 65:	**1 January 2022 Years**	**2 January 2021 Years**
Current pensioners		
- Males	20.3	20.3
- Females	23.4	23.4
Future pensioners		
- Males	21.2	21.2
- Females	24.5	24.5

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

14 Retirement benefit schemes (Continued)

Movements in the present value of the defined benefit surplus	**Assets £000**	**Liabilities £000**	**Net £000**
at 3 January 2021	55,540	(47,130)	8,410
Interest income/(expense)	780	(670)	110
Benefits paid	(2,650)	2,650	-
Return on plan assets (excluding amounts included in net interest)	1,310	-	1,310
Actuarial gains and losses	-	2,370	2,370
At 1 January 2022	54,980	(42,780)	12,200

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 6 April 2020 is complete. The next formal valuation date for the Fund is 6 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.

The analysis of the scheme assets at the reporting date were as follows:	**1 January 2022 £000**	**2 January 2021 £000**
Equity instruments	34,692	32,380
Property	4,069	5,720
Bonds	7,532	7,998
Other	8,687	9,442
	54,980	55,540

Defined contribution schemes

	Period ended 1 January 2022 £000	**Period ended 2 January 2021 £000**
Charge to profit or loss in respect of current year contributions	1,623	1,681

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At 1 January 2022, there were no amounts prepaid or outstanding to the fund (period ended 2 January 2021: £nil).

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 1 JANUARY 2022

15 Creditors: amounts falling due within one period

	1 January 2022 £000	2 January 2021 £000
Bank loans and overdrafts	1	34
Trade creditors	14,653	17,807
Amounts owed to group undertakings	80,142	70,053
Corporation tax	865	1,431
Derivative financial instruments	6	-
Accruals and deferred income	107,426	97,222
	203,093	186,547

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

16 Provisions for liabilities

	Notes	1 January 2022 £000	2 January 2021 £000
Deferred tax liabilities	17	3,038	1,555

17 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

Balances:	Liabilities 1 January 2022 £000	Liabilities 2 January 2021 £000
Retirement benefit obligations	3,038	1,555

Movements in the period:	2022 £000
Liability at 3 January 2021	1,555
Charge to profit or loss	70
Charge to other comprehensive income	1,413
Liability at 1 January 2022	3,038

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

17 Deferred taxation (Continued)

The deferred tax provision relates to post-employment benefits. The deferred tax liability relates to timing differences arising on the Company's defined benefit pension scheme. These timing differences arise as tax deductions are received based on the actual contributions paid to the pension scheme. The amount of the tax deduction will therefore differ to the pension expense recognised in the profit and loss account or the actuarial gains/losses amount or other remeasurement effects recognised in the statement of other comprehensive income. The deferred tax liability in respect of the defined benefit scheme will reverse in line with the realisation of the defined benefit pension asset that is recognised on the Company's balance sheet.

18 Called up share capital

	1 January 2022	2 January 2021	1 January 2022	2 January 2021
Ordinary share capital	**Number**	**Number**	**£000**	**£000**
Issued and fully paid				
Ordinary shares of £1 each	100,000	100,000	100	100

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

19 Reserves

Share premium account
Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss reserves
Cumulative profit and loss net of distributions to owners.

20 Financial commitments, guarantees and contingent liabilities

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 USD 30 million (2 January 2021 - USD 30 million).

KELLOGG MARKETING AND SALES COMPANY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 1 JANUARY 2022

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	1 January 2022			2 January 2021		
	Land and buildings	Other assets	Total	Land and buildings	Other assets	Total
	£000	£000	£000	£000	£000	£000
Within one year	1,809	-	1,809	12	5	17
Between one and five years	7,162	-	7,162	-	-	-
In over five years	1,975	-	1,975	-	-	-
	10,946	-	10,946	12	5	17

22 Events after the reporting date

On 21 June 2022, the Company's ultimate parent company Kellogg Company announced its intention to separate into three independent companies, by spinning off its US, Canadian and Caribbean cereal and plant-based businesses with these spin-off transactions targeted to be completed by the end of 2023. There is no financial impact on the Company as at the date of approval of these financial statements and no significant financial impact anticipated in the future.

As part of the wider Kellogg Group the Company is closely monitoring the situation of international tension due to the Russia/Ukraine conflict, including the impact of rising energy costs and economic uncertainty. There is no adverse impact from the conflict on the financial statements for the period ended 1 January 2022. The duration and ongoing impact of the conflict is uncertain, however, there is no impact expected on the going concern of the Company.

23 Related party transactions

Transactions with joint ventures

During the period, the Company sold ready to eat cereal products to Kellogg Tolaram Nigeria Limited, a joint venture entity not wholly owned by the group. Turnover of £248,000 (2 January 2021 - £1,735,000) was recognised. At the period end £1,208,000 (2 January 2021 - £964,000) was outstanding and included within debtors.

During the prior period, the Company purchased products from Vita+ Naturprodukte GmbH, a joint venture entity not wholly owned by the group. Expenses of £34,000 were recognised. At the period end, £34,000 was outstanding and included within creditors.

24 Ultimate parent company

The Company's immediate parent undertaking is Kellogg UK Holding Company Limited which is registered in England and Wales. 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.